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NEWS SUMMARY

GENERAL

Schmidt lead may be cut

The Coalition Government of the Chancellor, Herr Helmut Schmidt, seems set to remain in power in West Germany with a reduced and narrow majority, early computer returns show.

Herr Schmidt's Social Democrat Party is thought to have gathered about 45 per cent. of the vote. First estimates give the Christian Democrat Party and its challenger for the office of Chancellor, Herr Helmut Kohl, 45.5 per cent. Herr Schmidt's partner, the Free Democrats, are thought to have slightly less than 8 per cent.

The Coalition, with a majority of about 51 per cent, seems likely to have a lead of about six to eight seats in a Federal Assembly of 496 members.

Action by Ulster firemen spreads

Unofficial action by firemen in Ulster spread, posing a serious risk to large industrial areas in Belfast and Londonderry. The firemen's action committee in Belfast, campaigning for 15-day danger money, urged part-time colleagues in outlying areas not to answer calls. Page 7

Powell 'vicious'

An Asian leader denounced a speech on repatriation which Mr. Enoch Powell is due to make today as vicious and dangerous. Mr. Prafull Patel, secretary of the Committee of U.K. Citizenship, urged that the speech, which had been leaked to him and called for forcible repatriation of coloured people, should be stopped.

Arabs rampage

About 200 young Arabs in Ilkham stormed a synagogue, Semitis, prayer books and furniture were damaged.

Ivanjica wins Arc

The French four-year-old Ivanjica, ridden by Freddy Heide, won the Prix de l'Arc de Triomphe, the world's richest horse race. Dominiac Wigan. Page 2

Teachers' plea

Steps to end "callous and irresponsible" arrangements for training and employing teachers, which have left about 20,000 without jobs, are urged in a policy statement by the National Association of Schoolmasters and the Union of Women Teachers. Page 12

Water find

Minioz engineers who found what is believed to be Europe's highest cleft in the Vale of Belvoir, south of Nottingham, also discovered millions of gallons of water. Severn Trent Water Authority hopes to use it. Water news. Page 41

People and ...

Mr. Nicholas Goodison, chairman of the Stock Exchange, welcomed the Prime Minister's plan to set up a review of Britain's financial institutions. Page 7

Mr. Marcus Lipton, Labour MP for Central Lambeth, said that MPs who played truant from Westminster should be fined.

Rev. Ndabandiga Sibhole, leader of the Zimbabwe African National Union, said that could not be a transitional Government in Rhodesia before a constitutional conference.

... places

Turkey: Right-wing Prime Minister, Mr. Suleyman Demirel, has spoken of the possibility of declaring martial law. Page 3

Nairobi: Kenya is worried by reports that 80 people have died from an unidentified disease, symptoms of which are fever and nosebleed, sweeping southern Sudan.

Johannesburg: History was made in South Africa when black and white cricket clubs played against one another for the first time with Government approval.

BUSINESS

Capital spending outlook brighter

PROSPECTS for an increase in employment and capital spending in industry in the next 12 months now appear to be good, according to the latest Financial Times monthly survey of business opinion.

But the survey shows that industry is becoming more doubtful that the Government will achieve its inflation targets. Back Page. Details, Page 43

CBI SURVEY gives some qualified hope that the economic recovery will gather pace again this year in spite of the levelling off in activity seen in the last few months. Industry Department survey is expected to predict a relatively buoyant growth in manufacturing investment. Back Page

IMPORT DEPOSIT scheme is likely to be introduced by the Government, according to stockbrokers Phillips and Drew. The move would restrain the money supply and help the balance of payments. Page 8

RICH AND POOR nations should agree on a "global compact" to eliminate world poverty by the end of the century, said Mr. Robert McNamara, World Bank president. Page 3, Editorial comment Page 14

Rubery Owen jobs may go

EMPLOYEES at Rubery Owen Conveyancer have been told that there must be a major reorganisation of the industrial truck company which could involve the loss of 20 jobs, about one-eighth of the workforce. Page 7

EMERGENCY measures to help unemployed young people must be developed into a more coherent policy, according to Mr. Ray Hurst, secretary of the Institute of Careers Officers. Page 12

LORRY DRIVERS in the Midlands plan to black vehicles containing tachographs from October 18 in protest against the growing use of the monitoring system. Page 12

WAGE INCREASES outside the normal limits of the pay policy have been granted with official approval to 30 office staff at Newton Derby. Their union argued that their wages were below the general level at comparable companies. Page 12

MACHINE TOOL companies obtained a welcome boost to their order books at the international exhibition which has just closed at Birmingham. Page 40

Exxon to build German plant

EXXON will build a nuclear fuel plant in West Germany as part of its programme of investment in the nuclear industry over the next ten years. Back Page

U.K. NUCLEAR SAFETY studies have concluded that there is no basic difference in technology—and therefore, in safety—between U.S. light water reactors and the U.K.-designed reactor chosen instead by the U.K. two years ago. Back Page

DESIGN for a concrete ship to transport liquefied natural gas is being promoted by an Anglo-German-American consortium. Page 8

BRITISH AIRWAYS European Division is forecasting an operating surplus of at least £15m. this financial year, compared with last year's £7m. loss. Back Page

STOCK EXCHANGE turnover rose £2bn. to £7.4bn. last month, after falling for the previous three months in a row. Page 7

COMPANIES

ASSOCIATED DAIRIES has embarked confidently on a big capital development programme for the next 18 months, says Mr. A. N. Stockdale, chairman. Page 36

BARCLAYS Bank International has bought UDT (Hong Kong) from United Dominions Trust for £2.5m. cash. Page 36

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U.S. softens line on Britain's plea for IMF loan

BY REGINALD DALE, MINALA, Oct. 4

Mr. William Simon, U.S. Treasury Secretary, to-day appeared concerned to dampen speculation that Washington will insist on tough new economic policy conditions in exchange for Britain's requested International Monetary Fund drawing.

As delegates gathered here for the IMF annual meeting, Mr. Simon said he regarded Britain's plea as "courageous" and a good start towards restoring stability. He was much less severe than most U.S. officials recently.

German officials also took a reasonably relaxed line, expressing confidence in Britain's ability to overcome its balance of payments problems and describing the Government's policy as a "breakthrough".

If Washington raises no objections, Bonn is unlikely to do so.

First contacts between Britain and the Fund take place here to-morrow, when Sir Douglas Wass, Permanent Secretary to the Treasury, and Sir Derek Mitchell, Second Permanent Secretary, meet Dr. Johannes Witteveen, IMF managing director.

But serious negotiations will only start when a four or five-man Fund mission visits the U.K. next month.

Dr. Witteveen to-day served notice that the Fund would probably have to activate the 10-nation General Agreement to Borrow to accommodate drawings by Italy and Britain. But

no formal move will be made here this week.

Officials admit that the schedule for the U.K. drawing could be "tight" given that the \$5.3bn. standby credit arranged in June has to be repaid on December 9.

Problems could also arise if the latest drawings necessitate an increase in ceilings under the General Agreement to Borrow.

Mr. Denis Healey, Chancellor of the Exchequer, has been chosen to succeed Dutch Finance Minister Willem Duisenberg as chairman of the Group of Ten for their next meeting.

Row, providing contributing countries with an opportunity to argue that they are paying too much.

Dr. Witteveen pointedly remarked last night that the amount of the British drawing would have to be studied along with the conditions.

The Interim Committee on Monetary Reform said in a communiqué last night that deficit countries "should arrange their domestic policies so as to restrain domestic demand and

permit the shift of resources to the external sector to the extent necessary to bring the deficit on current account in line with a sustainable flow of capital imports and aid."

Balance of payments adjustments between deficit and surplus countries should be "symmetrical," and deficit countries could help promote such adjustments by larger use of IMF financial facilities.

There are signs here that developing countries are coming increasingly to accept that the industrialised nations must urgently master inflation, even at the expense of slower economic growth.

Dr. Witteveen to-day re-emphasised that the social and economic costs of inflation, though less immediate and less obvious than those of unemployment, "can prove even more corrosive."

Too ready availability of commercial credit to developing countries could in some cases be counter-productive. He welcomed the increasing tendency for commercial banks to fear their lending to Fund stand-by arrangements.

McNamara calls for "global compact," Page 5

Irish urge devaluation of Green Pound by 10%

BY ROBIN REEVES

BRUSSELS, Oct. 3

THREE ISSUES of crucial importance to the U.K.—a Brussels demand for a green pound devaluation, preliminary discussions on revising the EEC's common fisheries policy, and introduction of a common sheep meat policy—will confront Mr. John Silkin, U.K. Minister of Agriculture, at his first Common Market Council of Ministers meeting, which opens in Luxembourg to-morrow.

The Brussels Commission's 13-man executive is holding a special session in the morning which it is widely expected will agree to propose a devaluation of the green pound, perhaps by as much as 10 per cent.

That is the figure being pressed for, according to reports by Mr. Mark Clinton, the Irish Farm Minister, who is expected in this direction will help his country's considerable agricultural export earnings.

A Commission green pound proposal is also likely to be viewed sympathetically by other agricultural Ministers of the Nine.

All the signs are that Mr. Silkin will refuse, as is his right, to go along with any green pound move at this stage. He will argue that, given Britain's economic circumstances, this is not the moment to contemplate an action which could add as much as 2 in 21 per cent to the cost of food in the U.K.

While some help for British farmers, hit by the drought, is believed to be in the pipeline, it is thought to take the form of help to selected sectors rather than across-the-board price increases entailed in a green pound devaluation.

The feeling in Brussels is that the latest fall in sterling is stretching too far the EEC's national fishing limits of up to 12 miles for smaller boats and farm and food prices from currency fluctuations.

Last week the Commission placed a ceiling on the level of EEC subsidies on U.K. food imports, used to bridge the gap between sterling and continental currencies, rather than increase them in line with the latest drop in the pound.

The rate of subsidy should have gone up from the present 25 per cent to nearly 33 per cent, this week, and sterling's present performance points to at least a 35 per cent rate of import subsidy next week if the system is allowed to work in the normal way.

Unstable

A green pound devaluation would allow a reduction in the level of these import subsidies by changing the pound rate at which EEC farm prices are translated into sterling prices for U.K. farmers.

This, in turn, would relieve the growing burden on the Treasury's farm budget at present paying out exchange-rate offset subsidies at the rate of about £400m. in a full year for Britain alone.

The decline in the pound is not the only monetary difficulty looming for the Community. The recent strong upward pressure on the German mark, if it leads to a general realignment of EEC currencies, raises the deeper question of how long the Community can hope to go on maintaining a common agricultural policy with supposedly common price levels in a market buffeted by exportable currencies.

The discussion on the common fisheries policy seems likely to take the form of blunt statements in support of exclusive national fishing limits of up to 12 miles for smaller boats and farm and food prices from currency fluctuations.

These will be in a reply to a

detailed explanation of the Commission's fisheries proposals, which envisage exclusive national bands of no more than 12 miles, requested at last week's informal meeting of Farm Ministers at The Hague.

Hard bargaining on the issue is not expected to begin until the Foreign Ministers Council on October 18-19, when Britain will be looking for endorsement of the Commission's plan for a Community move to 200-mile limits next January 1.

That will bring detailed negotiations on the consequences—the need for new fishery agreements with non-Community countries, and a revision of the EEC's own internal policy.

Traditional

The council is hoping to secure final agreement on the basis of a common sheep meat policy. Among outstanding problems is British insistence that there be no safeguard clause to ban imports. The U.K. sees a threat, albeit theoretical, to its traditional large imports from New Zealand.

France and Ireland, the other two countries most concerned, also have points at issue. France wants some measure of emergency protection for its producers at its own borders.

Evidently Germany is objecting to this as a matter of principle and as a potential threat to its limited lamb exports to France.

The Commission is evidently proposing to extend the scheme for incorporating up to 400,000 tons of surplus skimmed milk powder into animal feed beyond the present October 31 deadline, as so far only about 250,000 tons has been incorporated.

This seems likely to meet strong opposition from West Germany, supported by Britain.

Steel scrap price may be cut

BY ROY HODSON

A SHARP fall in the price of scrap steel is expected this week. The British Steel Corporation and the private sector steel companies are believed to be ready to cut the prices they offer for scrap by between 15 a ton and £1 a ton according to quality.

Such a round of cuts would represent the biggest percentage fall in the price of scrap so far this year. Steel scrap is an essential raw material for most steel-making plants. Cheaper scrap would help the steelmakers to peg their prices for new steel during the coming winter.

The corporation has already given firm assurances that it will maintain a freeze on steel products prices for at least six months after price rises implemented yesterday.

More than 60 per cent. of its steel products sold on the home market will cost about 10 per cent. more if the fourth winter's price increase in the past year.

The decline in the price of scrap will ease the pressure of raw material costs on all British

steelmakers. It will make it easier for them to peg the price of their products for big and small customers.

British scrap steel prices soared from £22 a ton last January to £43 a ton by early April. A serious scrap shortage was feared.

A sector of the industry had blamed the opening of new "mini-mills," claiming that their reliance on scrap would create a permanent scarcity.

But scrap prices have been falling recently, against most market forecasts and will be about £35 a ton after the new cuts.

The principal reason is that the expected boom in steel demand expected by the leading Western steel industries has not taken place.

Both West Germany and the U.S. are exporting scrap to Britain, thus depressing ruling British home prices for scrap.

Stocks of scrap steel in Britain, standing at about 5m. tons, have reached the highest levels known by the trade. It is estimated

that the British Steel Corporation has stocks of about 1.5m. tons, which is the equivalent of nearly three months' requirements by the corporation.

The private sector steel companies have stocks estimated at 800,000 tons. The scrap merchants are estimated to hold more than 750,000 tons.

The position will be aggravated for the dealers in coming months because of forward orders for another 2m. tons of scrap from the U.S. and Europe for the British market.

Faced with such plentiful supplies of scrap steel after the shortages and soaring prices of six months ago, both the corporation and the private sector steel companies are prepared now to be ruthless in slashing their purchasing prices.

The corporation has the ability to manipulate the market effectively because about 20 of Britain's leading scrap suppliers are now tied to the corporation under guaranteed amounts.

Delivery drivers go back to-day

BY ALAN PIKE, LABOUR STAFF

DELIVERY drivers of Silecock and Colling, Coventry, whose month-long strike threatened extensive disruption over wide sections of the motor industry, will return to work to-day.

A meeting of the strikers accepted a formula for ending the dispute over a company decision to make 17 men redundant, after losing a delivery contract.

Under the settlement the men will remain with Silecock and Colling, but some will be involved in work sharing, and work out of other depots when needed.

The strike was joined by men at other depots of the company last week, and there was a danger of its spreading to other Coventry firms, preventing completed cars leaving factories for showrooms and docks.

More than 2,000 Triumph workers in Coventry, laid off last week because of delivery disputes were recalled. Production resumes to-day.

Leyland still faces problems at its Castle Bromwich body works and SU Carburettor factory, Birmingham.

move on riot

Electricians who walked out last week in disagreement with the Transport and General Workers' Union over manning a new control room say they will report for work to-day, but continue to apply sanctions.

The two factories supply components for a wide range of Leyland cars. Disputes there can have serious side effects on other factories.

Ford Motor has sent letters to 25 employees to say they will face disciplinary action over incidents on last Tuesday's night shift, when groups of workers caused £15,000-worth of damage to factory property.

This follows a company investigation into the disturbance after 1,000 men were laid off because of a strike by 12 door-setters.

The 1,000 laid-off workers are on strike demanding full pay for Tuesday night and a guarantee against future lay-offs. Talks between management and union officials are likely to-day.

The strikers are due to meet on Wednesday.

Ford does not intend the disciplinary hearings to take place until the strike is resolved and there is a return to normal working.

Each of the 22 men will appear individually before a member of management accompanied, if he wishes, by a union representative.

Sanctions ranging from reprimand to dismissal can be imposed under the company's disciplinary procedure.

Tory strategy is to force an early poll

BY RICHARD EVANS, LOBBY EDITOR

THE CONSERVATIVE leadership now appears determined to try to force an early General Election—in spite of the political uncertainty this could cause—in order to implement the party's economic and industrial strategy as rapidly as possible.

Publication at the week-end of the policy statement, which has received a favourable party response prior to the party conference at Brighton this week, has given Mrs. Thatcher the basis of an appeal to the country as an "alternative" Government with distinctive policies.

The Conservatives are clearly in no mood to co-operate with the Government in the financial crisis, and Mrs. Thatcher believes that, after the internal divisions evident at last week's Labour Party conference, there is a distinct chance that a General Election will be forced on Mr. Callaghan within the next six months.

This assumption gives the 25,000-word policy statement, The Right Way, an added significance, as it would inevitably form the basis of a manifesto appeal to moderate opinion at an early election.

The document, to be presented to the conference by Sir Keith Joseph, Shadow Minister with responsibility for policy and research, does not reflect the controversial monetarist theories with which he has been associated.

Although criticised by the Right-wing Selsdon Group, it has received widespread backing from other sections of the party. Close associates of Mr. Edward Heath, the former leader, welcomed it as a policy to unite the party. The belief of many Tory MPs was that the way is clear for Mr. Peter Walker and others, if not Mr. Heath himself, to return to the party's front bench.

New policy

The broad new policy commits the Conservatives to massive cuts in public spending, lower taxes, higher profits, production of a fresh economic strategy and perhaps most controversially, the ending of the social contract.

The contract is condemned as inappropriate for "any party which accepts that it is the proper duty of government to represent the country as a whole."

Instead, it is argued that the trade union movement should be "widely consulted and its interests acknowledged and understood." In place of fixed pay norms, the Tories prefer an understanding agreed annually by the Government, employers and unions on the West German model.

Union leaders already faced with Left-wing criticism of their "shadow" Secretary for Scotland, are certain to react angrily. Labour politicians will draw

parallels with the "confrontation" policies adopted towards the end of Mr. Heath's Administration.

Mr. Hugh Scanlon, president of the Amalgamated Union of Engineering Workers, said that the restoration of complete freedom to employers and the Government might have to be balanced by a union demand for complete freedom in wage bargaining.

"What we can't have is some idea of wage restrictions with no return either socially or industrially from the Government of the day," Mr. Scanlon said in a BBC radio interview.

Defending the social contract, he said that there was a world of difference between agreeing a programme the Government would put into operation and suggesting that because a programme had been agreed the unions were governing the country.

Problems

Mr. David Basmett, general secretary of the National Union of General and Municipal Workers, attacked the document's "19th century" economics and contrasted the attempts of the Government "to solve economic problems on the basis of consensus."

Their primary aim set for the next Tory Government are to enable the country to live within its means through reduction and control of public expenditure; strengthening of Parliament and the rule of law; extension of ownership throughout the community; encouragement of self-help and family life; improvement of educational standards and rewarding of merit; and initiative and the maintenance of Britain's security and interests abroad.

Greater emphasis is put on the need for further massive public spending cuts to bring the economy back into balance and avoid an explosion in the money supply.

Brad priorities for economies include the scrapping of the National Enterprise Board and the Community Land Act, the sale of some North Sea assets, reduction of subsidies, and more effective cost control.

The Selsdon Group attacked the document for being "punctuated by too many concessions and exceptions." But Mr. Peter Walker, the former Tory Minister dropped by Mrs. Thatcher, claimed that it had the makings of a policy to unite the party.

Mr. Ray Perman, Scottish correspondent, writes: A Conservative Government would remove from the Scottish and Welsh Development Agencies their power to buy into profitable companies, with Left-wing criticism of their "shadow" Secretary for Scotland, are certain to react angrily. Labour politicians will draw

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LOMBARD

Time for Japan to come clean

BY GEOFFREY OWEN

THE political pressure to restrict imports from Japan is building up rapidly and it is by no means confined to the U.K.; even West Germany appears to be joining in the campaign. The Japanese, while agreeing to voluntary restraints in a few cases, generally argue that there is nothing unfair about their methods of competition: if they happen to be able to produce things more efficiently and sell them more cheaply than their American or European rivals, that is surely what free trade is about—it is up to the rivals to put their own houses in order. The trouble is, many people don't believe them. There is a widespread suspicion, unprovoked, that the Japanese are out to destroy certain industries and that they are not too worried about the tactics they use to do it.

Two-pronged

Nowhere is this more apparent than in the field of consumer electronics, and particularly the manufacture of colour TV tubes and sets. The theory is that the Japanese are engaged in a two-pronged attack to cut the European industry to pieces. On the one hand, they are getting themselves well entrenched in the market for small-screen colour sets, which European manufacturers have largely neglected. At the same time, they are selling colour tubes to those set manufacturers who have no tube-making capacity of their own, which means the great majority. When they have driven the European tube makers into the ground (ride the recent closure of Thorn's Skelmersdale tube plant), they then turn all their attention to the sale of complete sets and put the European set-makers out of business.

This may be a completely fanciful theory, but it is one that is being put forward with increasing vigour in Europe. In the U.S. the story is much the same. After Philips, the next largest European producer of colour tubes is Videcolor, jointly owned by Thomson of France and RCA of the U.S. It has plants in France and Italy and supplies independent set-makers as well as Thomson's own tube requirements. To judge from a recent article in *Le Monde*, the managers of this company are alarmed at what the Japanese have done in the U.K. and fear that the writing may be on the wall for the entire European TV industry—unless the EEC authorities wake up from their

Unconventional

If this is what the Japanese want, then they should say so at once—loudly, clearly and in some detail. No doubt companies will and it is difficult to lay bare their commercial strategies in a highly competitive business, but the importance of the issue justifies unconventional treatment. Colour TV has become a touchstone of Japanese intentions. Those who are opposed to protectionism in all its forms and see no grounds for restricting imports of say, Japanese cars, find themselves puzzled about the situation in colour TV. In cars the inability of U.K. manufacturers to meet demand has been the main factor behind the surge of Japanese imports and RCA of the U.S. has placed controls would do nothing to put that right.

Some people in Europe have a concept of an all-powerful Japan, working in mysterious ways to destroy jobs in Western manufacturing companies. The best way to disabuse people of this notion is to get out the facts, as frankly and fully as possible, of what the Japanese are doing and why they are doing it.

THE WEEK IN THE COURTS

Fixing the boundaries of special relationships

BY JUSTINIAN

AS A RESULT of the decision of Mr. Justice Croom-Johnson in *Loy Trading Co. Ltd. v. Lloyd Development Ltd.*, this paper's insurance correspondent alerted all his readers on Saturday to the importance of attending to the insurance provisions in their leases.

On the actual dispute in the courts he contented himself with noting that, in the circumstances of that case, the landlord was held to be not responsible to the tenant for having failed to continue insurance coverage on the leased premises that had been arranged by the landlord, or at the least, for having failed to notify the tenant of the decision to discontinue the coverage.

He did not expatiate on the legal issues raised by the dispute, but left that to this column.

In 1971 a lease of wharves and warehouses in Wapping was granted for six years to Argy by Lapid. Under the lease Argy covenanted to insure the premises against loss or damage by fire.

The covenant further provided that if the tenant should fail to insure, the landlord could effect such insurance in its own name.

The landlord covenanted that the rent should cease to be payable in the event of damage rendering the premises unfit for occupation until they should be reinstated.

When the lease commenced, the premises were insured by Lapid and Argy paid its proportion of the premium. Lapid renounced its own insurance, the premises for a further 12 months in January, 1973. Argy was willing to pay its proportion but no demand was ever made for it.

In October 1973 there was a severe fire at the premises, which was acting as agent for Argy in executing the insurance and then claiming repayment of the premium. Ordinarily Argy was responsible for taking out the policy of insurance, but in practice it had been done by Lapid.

This led Mr. Justice Croom-Johnson to conclude that there was a special relationship between Argy and Lapid, at any rate for certain purposes, including the provision of insurance.

It would seem that a duty was cast on Lapid to take care in supplying information to Argy which would include the duty to inform Argy that the policy had lapsed and that Argy would no longer be relieved of the primary obligation to insure the premises.

But Mr. Justice Croom-Johnson surprisingly held that the duty of care owed by Lapid did not go beyond a duty then and there not to give negligent information. True, Lapid was morally bound to have told Argy at a later date that it was not renewing the information, but in failing to do so it was in breach of any duty laid upon it by law.

A reasonable man checks his insurance from time to time, or at least annually. Argy did not check, and Lapid had failed to inform Argy that it had not renewed the policy. In other words, the existence of the special relationship did not necessarily broaden the scope of the duty of care beyond what was strictly required by a relationship. It was limited to a duty to exercise care at the time when the duty was imposed to be discharged—in the first place.

The decision is almost bound to go to the Court of Appeal. If the appeal court agrees that there was a special relationship—and this point seems highly arguable—it would seem that Lapid will be held to have been in breach of its duty to take care in the matter of insurance.

A duty of care is not a once-and-for-all obligation; it is a continuing obligation. If so, a new chapter in the law's development in making commercial men liable for negligent misstatements will be opened. Since the law is economically devastating as the supply of wrong information.

The Times Law Report, September 28, 1976, [1976] A.C. 465.

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RACING

BY DOMINIC WIGAN IN PARIS

Fast-finishing Ivanjica is too good for Crow

IVANJICA, who returned to winning form when landing the Prix de Prince d'Orange in Paris a fortnight ago, won the 55th running of the world's most valuable race, the Prix de l'Arc de Triomphe, in remarkable style today.

M. Jacques Wertheimer's attractive bay four-year-old, whose sire Sir Ivor found last season's Noble too good in this race eight years ago, was among the back markers in the early stages, beginning to make headway only half a mile from home.

Weaving her way through a wall of beaten horses approaching the home turn with less than three furlongs to go, Ivanjica still had fully 12 lengths to make up on the leaders headed by Crow, Youth and Bruni as they raced into the final quarter-mile.

Driven for all she was worth by France's 29-year-old champion jockey Freddy Head, Ivanjica caught and passed the English St. Leger winner, Crow, 100 yards from the post to win going away.

Youth, who had always been content in the closing stages,

getting the worst of the argument with the runner-up, kept on sufficiently well to hold Norway's rank outsider Noble Dancer, the mount of Geoff Lewis. Bruni faded to finish sixth or seventh.

Bruni, who was given every chance by Lester Sagoo, won simply not good enough, lying in 12th or 13th place in the 20.

BATH
1.30—Billon***
2.00—Aldie
3.00—Beracles**
3.30—High Value
4.00—Quel*

runner field for most of the way, he made progress half a mile out to reach a challenging position. He could then find no more and was quickly beaten by the many cross-Channel visitors who had backed him down to 5-2.

English visitors disappointed with Bruni's showing, had had a profitable race earlier when the 7-1 chance Gentilhomme, trained by Neil Alden and ridden by Terry McKewen, beat a heated war with Man in the Prix de l'Abbaye de Longchamp.

Pawnee, too, was well out of contention in the closing stages.

SOCCER

Fulham's stars dimmed

ALTHOUGH THE chance to compare the winning Cup finalists of 1976 with the losers of 1976 increased the interest in the Second Division match at the Dell, the main reason for the capacity crowd was the presence in the Fulham side of their new, box office pair, Best and Marsh.

Both had to leave the field long before the finish, Best being sent off for a colourful verbal protest about a free kick awarded against Moore which produced the vital second goal.

Marsh limping off shortly afterwards, victim of a rather heavy tackle which went unpunished.

Reduced to ten men and minus their two stars, Fulham distinguished and allowed Southampton, who had survived a bitter battle in France earlier in the week, to achieve their first League win of the season, by 4-1.

The dismissal of Best soured and ruined what had been a clean, reasonably entertaining game. Without condoning Best's behaviour, I feel sure that many referees would have been able to deal with the slight to the referee's authority by the ultimate resorting to the ultimate penalty.

It again emphasised the gap dividing amateur and professional football, most of whom have

never personally experienced the pressures of professional sport, from the players.

Earlier, the referee, Mr. Shapter, had booked a number of minor fouls, but ignored several worse offences caused by the frustration of the closing stages.

Southampton, in shirts more appropriate to a kurlander than a football team, gained an early lead through a goal well taken by their newly-acquired striker, MacDougall, and dominated the opening stages.

Fulham, who have been enjoying a successful run since the arrival of Best and Marsh, gradually settled down to play their own leisure brand of football.

One of the main reasons for the slow tempo was that both teams became infected with "dribbler's disease," with every body wanting to go past one, preferably two, opponents before releasing the ball even when there were unmarked colleagues.

Osgood was plainly in his element; Moore gave a masterful demonstration of how to use the ball out of defence; Marsh produced some delightful footwork; the gap dividing amateur and professional football, most of whom have

flashes of brilliance at a pace nobody else remotely approached.

Immediately after the interval there was an interesting period of cut and thrust by the two protagonists, with the chance of the home team going further ahead or the visitors levelling accounts equally balanced.

This was ended when Bligh headed home the disputed free kick. Then a penetrating run by Marsh, just before his injury, allowed Mitchell to put Fulham back into the contest for a few moments.

However, further goals from Bligh, another header from a free kick and MacDougall put the last beyond all doubt.

Although Southampton were plainly delighted by their victory, which should ease their relegation worries, they did not resemble promotion men. It was difficult to see why Fulham were so keen to win.

On the other hand, it was easy to understand why Fulham are pulling in the fans. There is a fun and freedom in their style, even though the laughter departed on Saturday, but doubts must arise as to whether they possess both the character and the discipline needed to wage a long, hard campaign.

TREVOR BAILEY

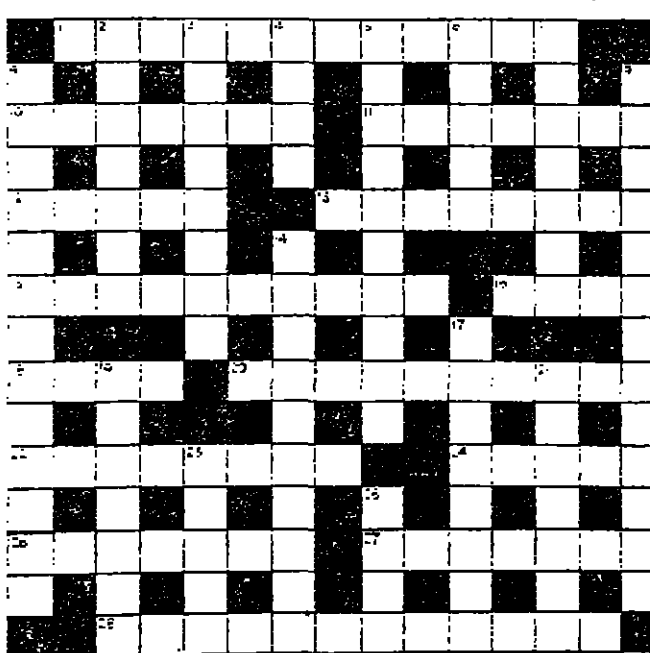
TV/Radio

* Indicates programme in black and white.

BBC 1

7.05 a.m. Open University (LHF only). 9.55 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools. 12.45 p.m. News. 1.00 Pobble Mill. 1.45 Chigley. 2.01 For Schools. 2.15 Anno Domini. 2.30 Regional News (except London). 2.55 Play School. 4.20 Deputy Dawn. 4.23 Jackanory. 4.40 Blue Peter. 5.05 John Craven's Newsround. 5.15 Potter's Picture Palace. 5.30 News. 5.35 Nationwide. 6.30 Some Mothers Do 'ave 'em. 7.20 Arelec. 8.10 Panorama.

F.T. CROSSWORD PUZZLE No. 3199



- ACROSS**
- Sweet having fruit to throw away (5, 7)
 - Mark off to take suitable action (7)
 - Boss who doesn't read every word (7)
 - Sack Winchester for example (5)
 - Management makes workman fish (8)
 - Demand made on members for war-crime (4, 2, 4)
 - Pub takes Turk's head as title (4)
 - Northern imitator gets it in the neck (4)
 - Long tone trains need to modify (10)
 - Opening of a saucy Yorkshire flower (8)
 - Composer loses right at end of evening meal (5)
 - Awkward student abroad has one call for silence (7)
 - Showing favour when not all there (7)
 - Outgoings that are never there made (4, 8)
- DOWN**
- Like the National Theatre to be light-hearted (7)
 - Belgian's title for a true ale brewed differently (8)
 - Escape with French capital to shelter (4)
 - Putting in one of the 28 (10)
 - Only a fraction is placed (5)
 - Salesman (over 51) takes accountant a copy (7)
 - Transatlantic bird brought up to a standard (8, 5)
 - Beauty queen used to train at Victoria (8, 5)
 - Dominion in charge of convoy (10)
 - Forties' faithful way to interpret (8)
 - Venture to take for granted (7)
 - One one to photograph stamp (7)
 - Formal wear frequently spun (5)
 - Physically agent is about right never made (4, 8)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

England—5.55-6.50 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands (from Birmingham); Look East (from Norwich); Points West (from Bristol); South Today (from Southampton); Spotlight (from Plymouth).

BBC 2

6.40 a.m. Open University. 11.30 Play School. 11.55 Open University. 12.15 Open University. 12.35 Carry On Learning. 12.55 Weather. 1.20 Newsday. 8.10 The Morecambe and Wise Show. 9.00 I. Claudius. 9.50 Yesterday's Witness in. 10.40 One More Time. 11.10 Late News on 2. 11.20 Close-down: John Westbrook reads 'Leaving a Room' by Elizabeth Jennings.

LONDON

9.20 a.m. Schools Programmes. 12.00 Chorton and the Wheelies. 12.10 p.m. Rainbow. 12.30 A Place in Europe: Greece: The Island of Hydra. 1.00 News and weather plus FT index. 1.20 Lunchtime Today. 1.20 The Cedar Tree. 2.00 Good Afternoon. 2.25 Monday Matinee. Silver Ladder starring John Payne, Elizabeth Scott and Dan Duray. 2.30 Emmerdale Farm. 4.20 Clapperboard. 4.45 Nobody's House. 5.15 Today (part 1). 5.45 News. 6.00 Today (part 2). 6.15 Cilla's World. 6.45 Opportunity Knocks. 7.30 Coronation Street. 8.00 George and Mildred. 8.30 World in Action. 9.00 The Sweeney. 10.00 News. 10.50 The Playwright: Henry Livings.

RADIO 1

6.00 a.m. (5) Stereo-music broadcast. 6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 7.30 Top of the Pops. 8.00 Paul McCartney. 8.30 David Hamilton. 9.00 Noel Edmonds. 9.30 Noel Edmonds. 10.00 Noel Edmonds. 10.30 Noel Edmonds. 11.00 Noel Edmonds. 11.30 Noel Edmonds. 12.00 Noel Edmonds. 12.30 Noel Edmonds. 1.00 Noel Edmonds. 1.30 Noel Edmonds. 2.00 Noel Edmonds. 2.30 Noel Edmonds. 3.00 Noel Edmonds. 3.30 Noel Edmonds. 4.00 Noel Edmonds. 4.30 Noel Edmonds. 5.00 Noel Edmonds. 5.30 Noel Edmonds. 6.00 Noel Edmonds. 6.30 Noel Edmonds. 7.00 Noel Edmonds. 7.30 Noel Edmonds. 8.00 Noel Edmonds. 8.30 Noel Edmonds. 9.00 Noel Edmonds. 9.30 Noel Edmonds. 10.00 Noel Edmonds. 10.30 Noel Edmonds. 11.00 Noel Edmonds. 11.30 Noel Edmonds. 12.00 Noel Edmonds. 12.30 Noel Edmonds. 1.00 Noel Edmonds. 1.30 Noel Edmonds. 2.00 Noel Edmonds. 2.30 Noel Edmonds. 3.00 Noel Edmonds. 3.30 Noel Edmonds. 4.00 Noel Edmonds. 4.30 Noel Edmonds. 5.00 Noel Edmonds. 5.30 Noel Edmonds. 6.00 Noel Edmonds. 6.30 Noel Edmonds. 7.00 Noel 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Julia Blalock and Mark Lewis

Maskerade

by MICHAEL COVENEY

dikhaill Lermontov (1814-1841) says the Baroness are "glittering but worthless." As might be expected at this theatre, the smothered death of Lermontov is the central theme of the play. The play is a brilliant, witty, and intelligent work, with a strong sense of humour and a deep understanding of the human condition. The play is a masterpiece of the genre, and it is a pleasure to see it performed. The play is a masterpiece of the genre, and it is a pleasure to see it performed. The play is a masterpiece of the genre, and it is a pleasure to see it performed.

Phoenix Carte Blanche

by B. A. YOUNG

Erotic art has evidently degenerated over the last three centuries, for the only item in Kenneth Tynan's new revue that calls in poetry (as opposed to verse) to make its points is the scene from the Earl of Rochester's *Sodom*. It is a simple piece about the sexual education of a 15-year-old boy, and its frank precision, presented in the manner of Restoration drama, is entertaining and without offence. On the whole, it seemed to me that the show lacks enough inspiration. Both the comic narrative of "Alice in Wonderland," telling how a country girl widens her horizons, and the sentimental narrative of "The Window" about a lesbian seduction, are the kind of thing to be found between the photos in the books you can buy in Amsterdam or Copenhagen. "Mr. and Mrs. Emmerley," who employ their masseuses in different unorthodox ways, is for excitement alone. The play is a masterpiece of the genre, and it is a pleasure to see it performed.

Fairfield Hall/Radio 3 Conductors' competition

by MAX LOPPERT

The third Rupert Foundation Competition for Young Conductors, given this year in collaboration with the BBC, was won on Friday by Ivan Fischer, a 25-year-old Hungarian. In the BBC Symphony Orchestra concert at Croydon which constituted the competition final, he and the other finalist, Christian Bodea of Romania, had each to conduct a Beethoven symphony. Then, while Sir Charles Groves was leading a notably clear-sighted performance of the *Enigma Variations*—the kind of 22 of the competition candidates must have been happy to take tips from—the nine judges retired to make their decision. I was able to attend neither the early stages of the competition nor Wednesday's semi-final (broadcast the following evening), and so cannot place Fischer's direction of the Beethoven First or Bodea's of the Eighth within the context or the promise of their earlier achievements. Judged by Friday's performance alone, Fischer's success was clearly deserved. Rare indeed the conductor of any age or experience who steps forward to give so lucid and sensible of an unfailingly delightful work in which unexpected tricks corners still abound. (As an apprentice conductor who on several tries sent a student orchestra sprawling hideously in that little tick from introduction into opening Allegro, use of the word "tricky" is heart-felt.) An unfussy beat traced with expressive hands and baton, always just choice of tempos, slight adjustments of rhythmic pressure that capture the boisterous wit, the delight in encouraging and then upturning expectations, of the young Beethoven. But this aspect of Fischer's performance should grow richer naturally, given that his other musical instincts are on this evidence, so firmly grounded. Born in 1948, and therefore one of the oldest entrants of the competition, Bodea won, in the very first bars of the Eighth Symphony, a solid, full-metalled, exciting sound, achieved with the cut and thrust one tends to think of (however imprecisely) as Soli-esque. At first, the larger ambition of the performance was exhilarating, as well as being an appropriate response of the enlarged framework of the symphony itself. Increasingly, as physical impact, drive and brilliance appeared to be sought at the expense of the proliferating sub-texts and side-issues, textual, melodic and harmonic, that are the abiding wonder of the music, the effect grew less admirable. Like Fischer, Bodea evinced no special sensitivity in shaping Beethovenian melodic contours; unlike him, on this showing at least, his grasp of the larger movements in which they are embedded was erratic. Even so, the ability to draw such big-boned fortes, and to control the full ensemble with such crispness and muscularity, is a significant gift, not to be scorned so long as other, complementary gifts are also forthcoming.

The Entertainment Guide is on Page 43

Festival Hall Eugen Jochum

The second of Jochum's two concerts with the London Philharmonic brought more Brahms to the Festival Hall on Thursday, with the Third Symphony and the Second Piano Concerto. The performance was given the kind of harmonic richness which should, in the winter seasons of leading London orchestras, be absolutely standard. That is not the cheese-parade compliment it may seem at first—such satisfactions are not to be had on South Bank every evening. From the hard-bitten but secure placing of the three chords exposing the F-A-F motto theme at the outset, it was evident that a clear mind and sure hand were in control—how rewarding to hear these themes played with such clarity and without over-emphasis. In the Andante the lyrical string paragraphs that contrast so strikingly with thick scored wind sentences were discreetly contained, but the point was made better than in some recent years. Jochum gave all his dynamism to the closing pages of the finale short of the full autumnal mystery? Possibly, but the one feature balances the other and the conception as a whole made sense down to the last, cleanly-tuned chord. The soloist in the concerto was John Lill, who in 1970 won the Chikovsky Competition in Moscow with this work. Last night's performance was not especially impressive: Mr. Lill's tone ranged from the softest pianissimo to the heaviest fortissimo, but there wasn't much in between and transitions were inclined to be abrupt. Admittedly, the instrument he was playing did not encourage fine shades; many details, with the exception of some forceful bass trills in the movement, came across as a blur. The scoring of the string sections with the cellos behind the violas meant that for many in the stalls the piano's bulk dimmed the effect of the cello solo in the slow movement. Orchestrally and pianistically the finale went best, though the smiling quality that can still after years of familiarity with this concerto, come in a fully-realised performance as a sweet surprise, was not much in evidence and the dashing Hungarian tune was short of paprika. RONALD CRICHTON

Festival Hall CBSO/Frémaux/Alexeev

by RONALD CRICHTON

The Russian pianist Dmitri Alexeev, winner at the Leeds 1975 competition, was the soloist at the City of Birmingham Symphony Orchestra's Festival Hall concert on Friday evening. He is a mercurial player of rare gifts. His performance of Beethoven's Piano Concerto No. 3 in C minor made much the same kind of impression as an exceptional one of the Mozart concerto in the same key which so deeply influenced Beethoven. That implies some reservation the one thing lacking was the feeling that the moulds are larger, though not necessarily finer, than Mozart's, and this may be the result of our habit of viewing Beethoven backwards from Brahms rather than forwards from Haydn. There was not much time to think about such matters while Alexeev was playing, with a concentration compelling attention to every note, a surface like jewels oiled on a tenebrous spring, but with such pronounced character in the phrases (especially in the finale, where in fact the coda went a fraction too fast for absolute clarity) that it could only have one from the bone and marrow of the music, not like polish from the outside. Frémaux's highly-strung, watchful accompaniment was well matched to the soloist. The first flute's individual tone was conspicuous in the slow movement: in the orchestra's native Town Hall it no doubt blends more easily with the rest. The transparent, effervescent tone-quality cultivated by this conductor and orchestra could be admired again in the first movement of the Fifteenth Symphony of Shostakovich but appeared only sketchily in the remaining movements (the flute tone, however, was entirely right for this music). The fascinating compilation of discreet instrumental virtuosity and many-layered allusions (Rossini, Wagner and self-quoting from earlier symphonies) is not easy to bring off. There was enough, however, to make one grateful to Frémaux and the CBSO for not taking the easy way and playing a more familiar work. In the end, with a whole evening of the string quartets, the new Michelangelo Suite, this (accentuated) last symphony and the *Blok Romances* due on Friday from Visnevskaya and Rostropovich, the South Bank 70th birthday programmes have been imaginatively planned. Dada and Surrealism

The Arts Council will mount a major exhibition of Dada and Surrealism at the Hayward Gallery between January and March, 1978. The exhibition is being selected and designed by a committee of experts, under the chairmanship of David Sylvester. It differs from other post-war exhibitions devoted to Dada and Surrealism at the Museum of Modern Art in New York in 1968 and to Surrealism at the Musée des Arts Décoratifs in Paris in 1972. In that it is constructed around the magazines in which the artists were involved. The National Film Theatre, which is adjacent to the Hayward Gallery, will concurrently present a season of Surrealist and related films.

Elizabeth Hall Albert Ferber

Albert Ferber set the tone of his recital on Thursday at once, by the improbable device of opening with a tiny, innocuous piece of Galuppi. He did not trouble to evoke harpsichord colours, but played it transparently, sweetly and candidly. It was a gambit which only a mature artist could risk; Ferber is a *pudor* incarnate, and it worked irresistibly. He never insists, and his style of pianism betrays no idiosyncracies. The touch is scrupulously even, in the manner of a generation past; the line sings steadily, punctuated with great rectitude, and balanced over a discreet but unyielding pulse. One is not permitted to detect the use of the pedal except where a special sonority is called for—the music is carried on the fingers. Galuppi was followed by Haydn—the D major sonata, HOB. XVI—with equal elegance; and later, with surprisingly little adjustment of style, Ferber expounded Prokofiev's curious Fourth Sonata just as successfully. A younger pianist might dwell more aggressively on the grotesque elements of the work, as undoubtedly its composer did. Ferber's deliberate dryness let them emerge wryly, without sensational emphasis. Curious stitches in the fabric, not outright rips. So treated, Prokofiev's transitional language (the sonata dates from the First World War) displays an anxious consistency which is a good deal more interesting than its common translation into immissible sweet-and-sour. It was a mistake to include Brahms' op. 1 Sonata. Ferber no longer commands the full length of the keyboard with sufficient confidence to sustain the muscular chords which keep occurring at both ends of it at once. Often his left hand seemed not to know what his right hand was doing, and neither did I. The music became a series of breathless jabs. With three of Ravel's *Movements*, however—technically demanding though they are—Ferber returned to home ground. They were played with the utmost finesse, despite the presence in "Une barque sur l'océan" of both more and fewer notes than Ravel actually wrote: civilised performances, in a word, with the bravura aspects of the writing fully assimilated into the music. Ravel wrote nothing more impressionist than these pieces (indeed, he wrote very little music which can properly be called "impressionist" at all), and it was a great pleasure to find Ferber proving that their suggestive glitter and plangent echoes tell most when pressed. DAVID MURRAY



Book review Guernica painter

by WILLIAM PACKER

Masses by Timothy Hilton. Thames and Hudson, £2.25, 288 pages (Paperback). Masses by Patrick O'Brian. Collins, £6.95, 311 pages. The bibliography on Picasso was long enough in his lifetime, but now open season is declared, and we must brace ourselves for a flood of lives and reappraisals, and endless picture books. He was without doubt the most famous artist of our own century, and his name transcended the act of his actual work, becoming eventually quite independent of it, known where his work was never seen. And to many of those who did see it, he remained an insoluble mystery, a hero who created for himself with his bare hands such immense wealth that he was said to have escaped the tyranny of money, of actual coin, and yet, at the time, a boogie, the very devil of modern art. This peculiar eminence was short-lived, wrapped up in some two dozen pages of his life, the period which the connoisseur would have preferred a closer consideration of the work up to the end of the war. Mr. Hilton is the least interesting in the end of the war. Mr. Hilton is the least interesting in the end of the war. Mr. Hilton is the least interesting in the end of the war.

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The price of "L'Exquise," the record set of Maggie Teyte singing songs and opera excerpts (HMV RLS 716), was quoted on this page on Thursday as £8.95. An all-round increase in record prices at the end of August has now boosted this to £9.95.

Marionettes return

The Salzburg Marionettes, a puppet company who present operas to high-quality recordings, will pay a return visit to Sadler's Wells Theatre from November 9-27. This will be an all-Mozart season, including *The Magic Flute*, *Don Giovanni* and *The Seraglio*.

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Muscles for Industry

WORLD TRADE NEWS

Slowdown in W. German exports to OPEC states

BY GUY HAWTIN

FRANKFURT, Oct. 3.

THE GROWTH rate of West German exports to the oil producing countries has slowed to 10.5 per cent, compared with 12.5 per cent in the first half of 1975, for the first time since 1973.

Sales to Libya totalled DM574m. (\$140m.), leaving a deficit of DM1.56bn. (\$392m.) in the Libyans' favour. Imports from Saudi Arabia totalled DM1.94bn. down 6 per cent compared with imports of DM3.98bn. (\$985m.) for the whole of last year. The deficit in the Saudi's favour was reduced from last year's DM2.58bn. to a first-half figure of only DM696m.

While imports from Iran rose by a hefty 45.2 per cent from the DM3.64bn. last year to DM2.15bn. in the opening six months of 1976, the Federal Republic maintained the trade surplus in its own favour. West German exports in the first half totalled DM2.63m. — up 18.4 per cent — although the growth rate means that the trade surplus will be substantially reduced from 1975's DM1.56bn.

Analysis of the Dresdner Bank, West Germany's second largest commercial bank, comment that the growth in Libyan deliveries is due, not least, to the country's policy of holding prices firm. Last year's massive price increase in OPEC's favour will widen further this year. The deficit in the first half amounted to DM2.21bn. (\$540m.) compared with a figure of DM3.61bn. (\$892m.) for the whole of 1975.

In the first half of the year, Libya regained its place as West Germany's largest supplier of oil, displacing both Saudi Arabia and Iran who last year were first and second respectively. First exports were "one-off" deals that are unlikely to be repeated.

IMPO-EXPO
Helping self-help along

BY JAMES SUXTON

TO-DAY BRITAIN starts a three week programme to instruct 42 developing countries in selling their goods in the U.K. market. In a country with a big trade deficit and a raging debate about import controls, it can hardly be done with impunity.

The aim of Impo-Expo is to help developing countries sell goods other than their traditional export commodities. Each of the 42 countries involved has sent two delegates to London at Impo-Expo's expense and another 80-odd have come at their own or their government's expense. The first week will consist of a marketing seminar, part of the time concentrating on their specialities grouped as food, textiles, handicrafts and timber and chemicals.

The exhibition proper will be opened by Mr. Reg Prentice, Overseas Development Minister, on October 12. After the four-day exhibition the third week will be spent following up contacts, under the supervision of the professionals, principally from the Import Opportunities Office of the London Chamber of Commerce which, under Mr. Iain Laprak, is staging the programme.

About half the £150,000 cost of

the project is being borne by grants, which in part helps the EEC, while the ODM is paying about a quarter and the Commonwealth Fund for Technical Assistance is providing the actual marketing the output. The 42 participants include Impo-Expo officials point out that both ACP and non-ACP in 1975 Britain had a £350m. trade surplus with the 42 participants, with representatives from Latin America, both English and French speaking. In many fields, such as exotic food and drink, the developing Arab world and south-east Asia, Tonga is also exhibiting. The goods on display will

promoting, and by the electronics industry about digital clocks, calculators, tape recorders and components from Far East exhibitors. Probably the bitterest complaints have come from the leather makers and the footwear industry which have seen leather imports into Britain rise by about 350 per cent between 1971 and 1975. The British Leather Goods Manufacturers Association feels that Impo-Expo has ignored the problems of British industries.

Impo-Expo's reply comes straight from the textbooks of free trade. It argues that in many fields British manufacturers must face the fact that developing countries, with raw materials on their doorstep and often the latest machinery, must eventually overtake their British counterparts, especially in leather and textile manufacture. It is not fair to the British consumer to protect the home market with high tariffs.

Britain is staging a programme to help developing countries sell their goods here. Some British manufacturers feel threatened

include such unexpected items to the English shopper's life. The as skiing gloves from Pakistan, consumer also benefits in the frozen frogs legs from Bangladesh, white Arak from Sri Lanka, glass bottles from Zambia, gum arabic from Sudan, stores and the major shops on ceramics from South Yemen, side the capital.

Where British manufacturers feel directly challenged complaints have been made—notably by the British Plastics Federation about the many plastic and rubber products Impo-Expo is way business.

Japanese to build new Abu Dhabi airport terminal

BY KATHLEEN SHTAWI

DUBAI, Oct. 3

THE JAPANESE construction industry scored another success in Abu Dhabi this week-end with the award by the Abu Dhabi Department of Public Works of a \$92m. contract to a Japanese venture for the terminal buildings of the Emirate's new airport.

The Japanese bid by Takenaka Komuten and Kumagai Gumi was well below the offers put forward by the other seven companies, tendering one of which was as high as \$180m. The project attracted bids from France, Saudi Arabia, Bulgaria, Yugoslavia and the U.S.

The award of the contract to the Tokyo-based venture is further evidence of the ability of the Japanese to offer prices which are often almost half those put forward by other Western companies. The Mitsubishi Electric Corporation recently won a \$160m. contract for the construction of a power station at Jebel Ali in Dubai, putting in several million dollars more than others.

The terminal building contract is the first of three contracts which are part of Abu Dhabi's new airport, the building of which is designed to handle 10m. passengers a year. Consultants for the project are Aeroport de Paris who were concerned with the building of Paris' Charles de Gaulle airport.

Airlines in no hurry for new medium-range jets

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

DECISIONS ON the development of a new medium-range airliner by the major U.S. manufacturers, such as Boeing and McDonnell Douglas, may be delayed for some time as a result of a trend among major airlines to buy more of the existing types of jets.

This trend has become particularly apparent in the U.S. in recent months, and was confirmed at the end of last week when United Airlines, the biggest in the Western world, decided to buy 28 more Boeing 727-200 medium-range airliners, at a cost of \$330m. (over £220m.), to replace some of the older jets in its fleet.

While United stressed, in announcing its orders in Chicago, that this did not mean it was no longer interested in the possibility of buying a new-generation jet for the 1980s, the latest order, while uses up a good deal of United's spare cash resources, indicates that it is in no hurry to commit itself to expensive new technology aeroplanes.

A similar attitude appears to prevail elsewhere. American Airlines, for example, earlier in the summer ordered 16 more 727s, worth about \$150m.

The Boeing 727, in all its versions, is now the world's best-selling jet, with 1,345 sold (excluding the United order which is still subject to contract), and more than 1,200 delivered. Demand for this and other jets is such that Boeing is to increase the combined production rate next spring of 727s, 737s and 747s from the current nine a month to 13 a month. This year alone Boeing has won orders for 144 jets, including 102 727s.

Both American and United have been widely regarded as key airlines in the struggle to determine what new medium-range jet will be built for the 1980s. Together with such other airlines as Delta, Eastern and Braniff, they have been regarded as possible launch customers, without whose support no manufacturer could afford to put a new model into production.

It also gives the European manufacturers more time to sort out their own problems in establishing not only a new civil aircraft programme for the future but also the shape of the international consortium that will be needed to build it.

Assoc. Biscuits deal

BY ELMOR GOODMAN

ASSOCIATED BISCUITS, has British competitor, United Biscuits, has been exporting to Japan for some time. Last year it sold about 250,000 worth of biscuits there and it is hoped that, as a result of the licensing agreement, sales will reach at least £1m. next year.

The agreement with Nissin, the Japanese company which manufactures a range of Imitery Associated Biscuits, will be a significant step in the Japanese market for biscuits.

Japan and pay Associated Biscuits Company in the Caribbean and with Pan Lido SA of Associated Biscuits, like its El Salvador.

Yugoslavs plan new Fiat CRVENA ZASTAVA of Yugoslavia and Fiat of Turin have signed an agreement on developing a new mini car—the Zastava 102—of up to 1,000 cc, AP-DJ reports.

The Yugoslav concern will start production of new cars in 1978, with a series of 50,000 units which is considered to be in for distribution of the 1980s. The car will be sold in the Soviet Union and other foreign markets.

Fiat will be a significant supplier of equipment and tools for about 25,000 Lada cars a year.

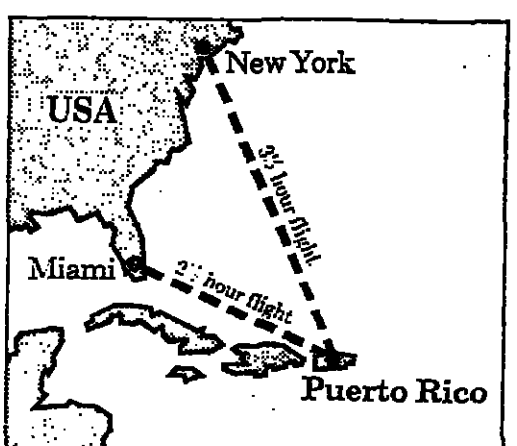
CONTRACTS Sudan's National Shipping Line is to tender this month for six new vessels totalling 40,000 tons at an estimated cost of \$75m. Lloyds of London has been retained to process the tenders. The existing 35,000-ton fleet comprises six freighters plus a seventh on charter from Holland.

TAC Construction Materials is to supply approximately 100,000 tonnes of asbestos-cement pipes and fittings worth over \$10m. to the U.S. Government.

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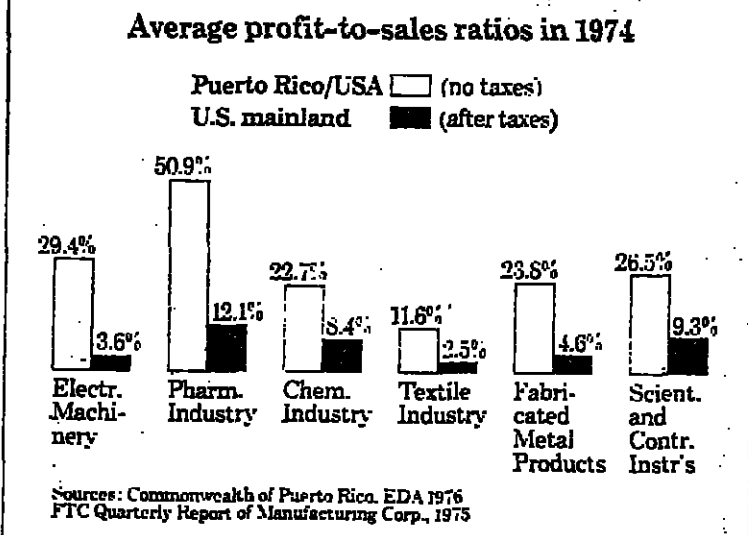
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Puerto Rico/USA

حکومت الرشید

OVERSEAS NEWS

World Bank chief warns: Vital that rich States step up aid to poor

BY REGINALD DALL

MANILA, October 4.

MR. ROBERT McNAMARA, general manager of the World Bank, today called for a new "global compact" between rich and poor nations to eliminate world poverty by the end of the century.

Mr. McNAMARA said that the rich countries should step up their official aid and increase it to 0.7 per cent of their gross national product, while the developing countries should cumulate and diversify their exports, and ensure a fairer distribution of income.

He told the annual meeting here of the World Bank and the International Monetary Fund.

Calling for quick action to increase the bank's capital, Mr. McNAMARA warned that continuing inequality could "trigger further violence" in developing countries.

He said that the bank's resources were not enough to meet the needs of the 120 million people who live in the poorest countries.

Mr. McNAMARA said that the bank's resources were not enough to meet the needs of the 120 million people who live in the poorest countries.

Ford weighs whether to sack Butz over racist remarks

BY JUREK MARTIN, U.S. EDITOR

—WASHINGTON, Oct. 3.

PRESIDENT FORD will decide some time this week what to do about his Secretary of Agriculture, Mr. Earl Butz, whose obscene racist remarks about black people have suddenly become a major Presidential election issue.

The President carpeted Mr. Butz on Friday and the Secretary duly apologised for his "unfortunate choice of language."

But Democrats and a good number of Republicans have called for Mr. Butz's dismissal from the Cabinet or for his resignation.

There is the suspicion that the White House had hoped to ride out the storm by drawing minimal attention to it.

The meeting between the President and Mr. Butz on Friday took place with the Press prior knowledge and Mr. Ford has been unavailable for comment about it, which has not helped improve the progressively more strained relationship between the White House and the media.

Ironically, it was a denizen of the old Nixon entourage, Mr. John Dean, who initially leaked Mr. Butz's remarks. These were made in an aircraft returning from the Republican convention in Kansas City in August in the presence of Mr. Dean, who had covered the convention for Rolling Stone, the popular music magazine, which has also acquired a reputation for its political writings.

Mr. Dean noted the remarks in Rolling Stone two weeks ago, but without attributing them to Mr. Butz. However, another publication, New Times, traced Mr. Butz's highly insulting remarks will be to enlarge the black turnout.

By the same token, many white liberals, whose support for Mr. Carter has been distinctly lukewarm, may now be persuaded that they cannot conceive of voting for a Republican Party which still clearly harbours such racist attitudes.

Several congressional liberals have already expressed the view that Mr. Ford should have sacked Mr. Butz out of hand, rather than waiting to see what the public reaction is before making up his mind.

On the other hand, the departure of Mr. Butz may be a sore embarrassment for the President in the farm belt states, which he hopes to carry. At one time, after the imposition of the grain embargo, Mr. Butz was highly unpopular in the farm belt, but the restoration of Republican political fortunes in these states has been in no small measure due to Mr. Butz's assiduous campaigning there.

Both the New York Times and Washington Post to-day carried state-by-state surveys showing the Republican ticket generally ahead in the farm belt, but by margins that could easily disappear.

Mr. Carter and the Democrats have all year singled out Mr. Butz as the target for special criticism and will now undoubtedly redouble their efforts. As Mr. Carter himself put it yesterday, there is now one more reason for getting rid of a man who should not be Secretary of Agriculture in the first place.

Turkey martial law hint

BY METIN MUNIR

ANKARA, Oct. 3.

MR. SULEYMAN Demirel, the right-wing Turkish Prime Minister, has started following a tough line towards the left-wing and spoken of the possibility of declaring martial law.

Observers have noted that Turkey without resorting to extraordinary measures it becomes unavoidable to resort to extraordinary measures, he said yesterday, addressing a rally in the southern Anatolian city of Konya.

"There is only one way out: This is to render ineffectual those who undermine law and order."

The change in Demirel's policy occurred about a fortnight ago when his move to extend the life of extraordinary courts which pass judgment on crimes against the State, encountered left-wing resistance both inside and outside Parliament.

The Confederation of Revolutionary Workers' Unions (DISK) staged wildcat strikes in about 350 public and private workplaces, causing work stoppages in fields ranging from oil refining to rubbish collection.

Nigerian oil production rises

BY OUR OWN CORRESPONDENT

LAGOS, October 3.

NIGERIA to-day promised oil companies adequate incentives to encourage greater exploration and production of crude oil.

The federal government is determined to ensure and maintain a healthy and mutually beneficial relationship between it and oil producing companies," said the Head of State Lieutenant-General Olusegun Obasanjo in a nationwide broadcast marking the 18th anniversary of Nigeria's independence.

Gen. Obasanjo said that oil production which plunged to 1.5m. barrels per day last year had recovered and now averaged about 2m. barrels per day.

Gen. Obasanjo said that work on two liquefied natural gas plants—one on each side of the Bonny estuary—was progressing satisfactorily in partnership with some foreign oil companies while

THE ITALIAN ECONOMY

A testing time ahead for lira

BY DOMINICK J. COYLE

ROME, Oct. 3.

THE ITALIAN authorities expect the lira to make a strong recovery on foreign exchange markets tomorrow following the Government's decision to support the currency, including a three per cent rise in the central bank discount rate to an unprecedented 15 per cent, and a temporary 10 per cent surcharge on all foreign exchange transactions.

The lira rate against the U.S. dollar recovered some 10 points to a range of 360-364 in the New York market on Friday when the first news of the Government's emergency package was filtered through to the market.

It is conceded officially here that the outcome of to-day's West German elections will likely be the dominating market influence, to-morrow, and the new widespread speculation of a possible early revaluation of the Deutschmark could give the market "an artificial base for a few days."

Plug for the lira

However, any marked improvement in the lira could itself be artificial, or at least temporary, if the minority Italian Government does not in fact follow through its promised positive measures to restore equilibrium to the economy.

Banking and Government sources in Rome admit readily that the emergency monetary measures, which the Government can at best only be temporary "a plug for the lira."

The 10 per cent tax on foreign currency transactions is intended to last for only two weeks, at least in the first instance, and during that time the Government of Sig. Giulio Andreotti has undertaken to present to Parliament its detailed measures for economic recovery, coupled with the provisions for the long-haul programme for industrial reconversion.

Deficit finance

Sig. Andreotti, in his Friday night address, certainly gave the impression that his administration was determined to take immediate concrete measures to tackle the country's economic and social problems, to move away progressively from the State's traditional dependence on deficit-financing, while also reducing unemployment through industrial reconversion and modernisation.

But he acknowledged that his minority Government had "more abstentions than votes" in Parliament, and the crucial question now is whether he can win backing, particularly from the powerful Communist Party, to impose the Government's first confidence oath—and additional taxation and to trim the State sector deficit so as to raise a total sum equal to an estimated 25 per cent of current GNP. This would be the equivalent of some 14,000bn. (23,700bn.).

Although no official information was available from the Cabinet, it would appear that this amount is to form the nucleus of the so-called industrial reconversion fund, but the Government has yet to say publicly how this money is to be spent over the next few years.

The trade unions, who have reacted cautiously but generally favourably to the Government's measures, including its plans to end threshold payments for two years for higher-paid workers, are demanding a direct voice in how the industrial reconversion fund is to be allocated. In particular, they want most of this new investment to go directly to the depressed southern regions.

A wide range of price increases are also expected to be either announced or confirmed during this week. In part designed to reduce State sector subsidies to many public corporations, but also to cut the huge deficits of most local authorities.

On the basis of latest figures, confirmed by the Prime Minister in his address to the nation on Friday night, in which he called for sacrifices from all sections of the community, Italy's balance of payments deficit this year will be in the region of 12,000bn. in 1976. The country now has accumulated foreign debts of 14,000bn. and an inflation rate still running at close to 20 per cent.

The present Government expects an early and successful outcome to negotiations (suspended earlier in the year) for a further 663m. drawing from the International Monetary Fund (IMF) under the terms of the Jamaica agreement, and some Ministers now believe that a firm and measured programme to return gradually equilibrium to the Italian economy could even give Italy access to the IMF's so-called "super tranche."

Soviets call on Assad to withdraw

By Our Own Correspondent

BEIRUT, Oct. 3.

THE Soviet Union, increasingly opposed to Syrian military intervention in Lebanon, has called on President Hafez al Assad of Syria to halt his forces' operations against the Palestinians and their Lebanese left-wing allies.

In a report published by the left-wing newspaper As Safr, the Kremlin leaders told the Syrian head of state: "We wish to reaffirm that the continuation of the conflict (in Lebanon) and the growing Syrian interference in support of the Lebanese right do not at all serve the vital interests of Lebanon, the Palestinians or even Syria herself."

The text showed that it had been sent after the joint Syrian-right-wing offensive on Palestinian and left-wing mountain positions northeast of Beirut began last Tuesday.

As Safr also published what it described as the text of another letter from the Kremlin to Lebanese President Elias Araks expressing Soviet disappointment at his failure so far to turn the course of events in Lebanon towards peace.

The two letters appear to be part of a concerted Soviet campaign to back up its initiative announced last week for reconvening the Geneva peace conference for overall settlement of the Arab-Israeli conflict, which depends on an effective ceasefire in Lebanon.

After their successful Syrian-backed offensive on Palestinian positions north-east of Beirut, Lebanese right-wing forces launched another massive attack on the mountain town of Aley, headquarters of Left-wing Leader Kamal Jumblatt. The attack was quickly brought to a halt when it became clear that Syrian forces were reluctant to take part in it.

Fighting subsided during the week-end amid reports that a joint Egyptian-French peace initiative was imminent.

Egyptian Foreign Minister Ismail Fahmy returned to Cairo on Saturday after talks with French leaders, including President Giscard d'Estaing, on the Lebanese crisis. Press reports in Beirut said that the two main points were the possibility of sending a joint Egyptian-French force to help the 13,000-man Arab peace-keeping force in maintaining a truce in Lebanon, and secondly, the possibility of reviving the French peace efforts by convening a Lebanese round-table peace conference in Paris.

Left-wing leader Kamal Jumblatt arrived in Paris to-day for talks with French leaders and he is expected to be followed by at least one right-wing leader, Pierre Gemayel of the Phalangist Party.

Ford boosts anti-trust legislation

By Jay Palmer

NEW YORK, Oct. 3.

PRESIDENT FORD has signed into law a Bill that dramatically expands the powers and scope of existing U.S. anti-trust legislation. Despite intense opposition of his business-oriented aides, the President obviously concluded that he could not risk vetoing the Bill during the current election campaign.

The new law gives the Federal Government extra powers to demand the production of documents and testimony to aid its investigation into civil violations of anti-trust laws. It also secures an extra preparation period for the Government's anti-trust groups by demanding that companies of above a certain size planning mergers give notification well in advance.

UAW peace hopes rise

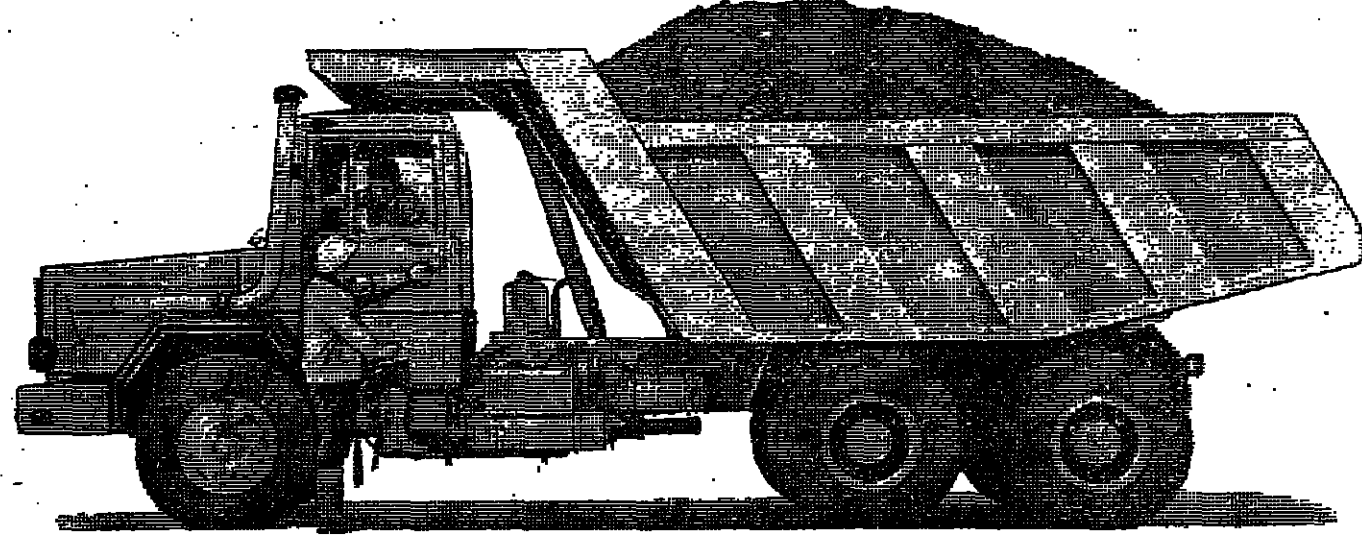
BY JAY PALMER

NEW YORK, Oct. 2.

HOPES ARE increasing in Michigan to-day that the 18-day-old U.S. Auto Workers strike against Ford Motor may be nearing an end. Over the last few days, bargaining sessions have been continued late into the evening amid strong hints from both sides that many of the dispute's key issues have been settled.

The United Auto Workers union called out its 265,000 Ford workers on September 14 when its old three-year labour contract expired. Since then Ford's production lines have been idle and there are now already signs that the company's many suppliers are beginning to be hurt by lost orders.

The stickiest issues of the talks are thought to be the union's demand for more paid time off, a special cash supplement for retired workers and a halting of the company's practice of laying work out to subcontractors at a time when workers are laid off.

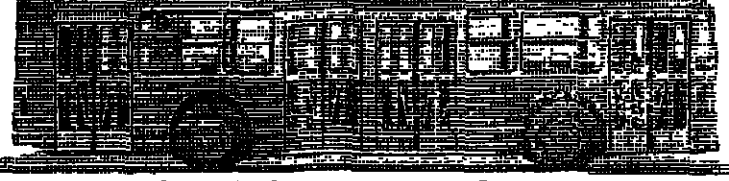


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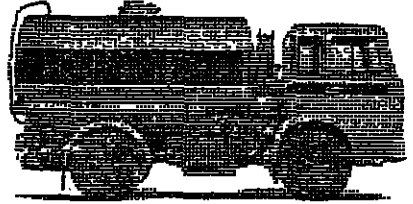
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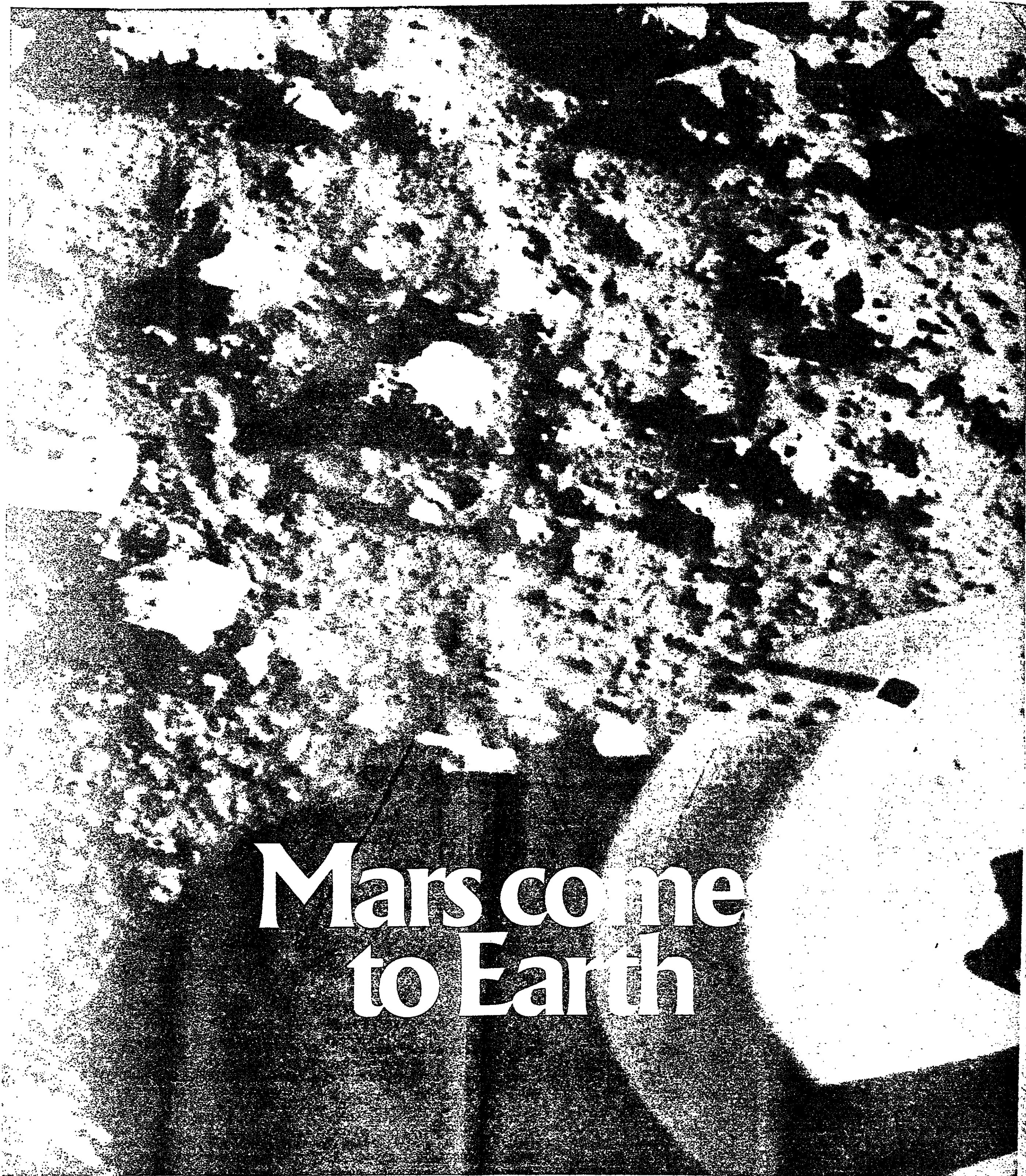
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Mars come to Earth

with the help of Lockheed spacecraft recorders.

The spectacular NASA photographs and secrets of the Martian soil beamed to Earth from Viking are helped along the way by Lockheed tape recorders nestled in the spacecraft.

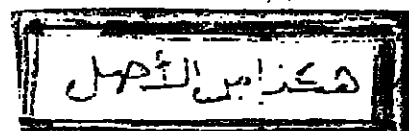
The Lockheed recorders in the Viking Lander and Viking Orbiter enable NASA scientists to store and play back millions of bits of history-

making photographs and scientific discoveries to earth stations.

Achieving success in space is an old story for Lockheed recorders. They have contributed to Mariner-Mars 6, 7 and 9 and Mariner-Venus-Mercury 10. They have participated in all Apollo missions. And they will be in the Jupiter-Saturn fly-by mission to be launched in 1977.

Recorders that meet the exacting demands of space.

One of the technological achievements
of the 55,000 workers at Lockheed.



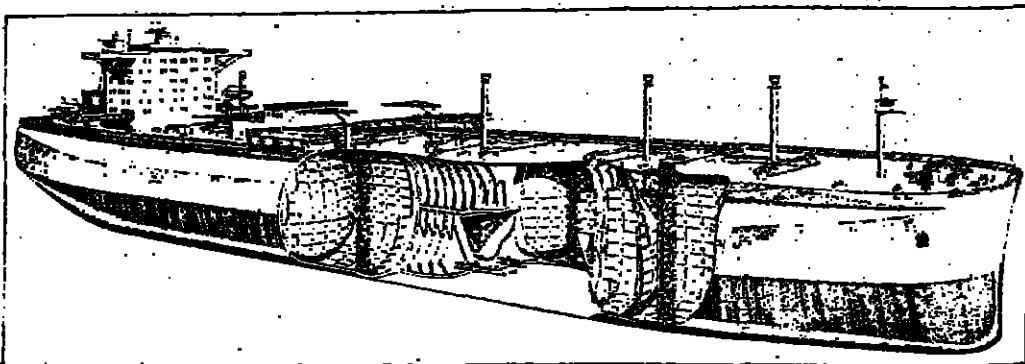
Londonderry joins firemen's dispute

THE BROADLY BASED BANK.

The new LNG bulk carrier concept that was once a joke becomes a reality, reports John Wyles

The shipshape concrete

Cut-away impression of 128,000m³ concrete LNG carrier



THERE ARE bound to be moments of light relief at a conference on gas technology in New York this week, but some of the biggest laughs look certain to be earned by the announcement of a 950 feet long ship made of concrete which is designed to carry more than 128,000 cubic metres of liquefied natural gas.

The notion of a concrete gas (LNG) carrier will sound as absurd to many a shipbuilder and shipowner as it does to the layman. But the four years and \$5m. spent on developing the design has convinced its sponsors that cynical disbelief can quickly be transformed into commercial interest.

The developers, an Anglo-American-German team, will cite the technical endorsement of Lloyd's Register of Shipping, one of the world's leading classification societies, and an impressive analysis of the ecological and economic advantages of their concrete Colossus to back up their argument that the shipping industry should take their design seriously.

"The world needs this ship and somebody has to design it. Of course we aim to make money but we are extremely proud to be the first to unveil this design," says Mr. Manfred Schubert, managing director of Tampine Oil, a British oil trading company now a subsidiary of the Ingram Corporation of New Orleans.

Mr. Schubert has been a prime mover in developing the project which began with a meeting in 1970 with Mr. William Carvill, an American designer of some reputation who was obsessed with the belief that concrete was a far better medium than steel for carrying LNG at the required temperatures of up to -160°C.

Carvill was encouraged to research more deeply and he came into contact with Dr. Ulrich Finsterwalder, a technician in concrete who had been involved in the building of concrete ships and barges for the German navy during the war.

Dr. Finsterwalder was also a Board member of Dyckerhoff and Widmann, a widely respected German concrete construction company. He became convinced of the practicability of a concrete LNG carrier.

As studies progressed, and Dyckerhoff and Widmann and Tam-

plex finally created a joint company to market the design, Dytam's aim is to win a share of some of the business which the energy world confidently predicts will be generated by the emergence of LNG as a major energy resource during the 1980s.

Like oil, LNG will have to be transported mainly from countries such as Algeria, Indonesia and Iran which are far from the industrialised, to energy hungry countries of North America, Europe and Japan. It has been predicted that at least 60 and possibly more than 100 new LNG carriers will be needed for these trades during the next decade.

After studies rating more than 2,000 computer hours and long presentations to Lloyd's Register, which began with a meeting in 1970 with Mr. William Carvill, Dytam, believes that he has most of the answers as to why LNG should be transported by concrete rather than steel ships.

LNG carriers, among the most technologically advanced ships, are now extremely expensive to build. Their cargo has to be carried in specially designed tanks manufactured of materials capable of withstanding the very low temperatures of the gas.

Double hulls for the vessels and a variety of tanks and insulation systems have been developed for safety reasons.

Dytam claims that because of the special characteristics of concrete, the tanks can be an integral part of the concrete rather than separated hull as in conventional LNG carriers.

The entire hull would be a

monolithic construction of pre-stressed concrete, reinforced longitudinally and transversely by stressed and unstressed high quality steel rods.

Concrete's ability to withstand the very low temperatures associated with LNG would be of only academic interest but for the economic and ecological cards which Stanford believes will complete his winning case at the New York conference.

After a thorough analysis of probable costs, Dytam says that the concrete ship is cheaper to build, \$108m. for end 1978 delivery compared with \$122m. for a similar 128,000 cubic metre steel vessel, and significantly cheaper to operate.

Safety

Concrete will not corrode like steel and will not therefore need the same maintenance. It is reckoned that the new design can operate for an average of 353 days a year compared with 340 for the conventional ship.

It is claimed that this and other factors included in the illustration mean that operational and maintenance savings for the concrete ships are calculated at almost \$1m. a year.

Computing the costs on an existing LNG trade route, Dytam says that the concrete vessel, in each of its first 12 years of operation would save \$2.1 per cubic metre of LNG which amounts to more than \$250,000 per voyage.

On top of these powerful economic reasons for "concrete" the designers attribute

superior safety characteristics to their creation. These could be crucial as far as the U.S. is concerned where the environmental lobby has already shown concern about the possible dangers of LNG carriers, seen by many as potential floating "time bombs".

Among other things, Dytam says that concrete and steel together have a fatigue strength far greater than steel alone, and that the design has a far greater capacity to withstand the impact of a collision or of an explosion.

There seems little doubt that Dytam's conception in concrete is going to become a major talking point in the shipping world. The company has lined up three shipbuilders in the U.S., Europe and Japan which already have experience of LNG construction and which are prepared to build to the design.

Wherever the ships are built, quality control of the construction of the concrete hull will be guaranteed by Dyckerhoff and Widmann.

There is nothing new about a concrete ship—the first such cargo vessel was built in Norway in 1917. More were produced during the two world wars. But as Stanford says, concrete was only thought of as a substitute for the real thing, largely because the economics of steel remained superior for most types of ships.

However, in the case of LNG, concrete would appear to be simplifying the technology of its transport with resulting economic savings. That could wipe the smiles off a few faces in New York.

WHAT AWAITS THE CONSERVATIVE PARTY CONFERENCE

Getting all tarted up for another talk-in

BY MICHAEL THOMPSON-NOEL IN BRIGHTON

YOU HAVE to hand it to Brighton. With all the vitality of a Regency tart, the town is now smoothing down its petticoats, remodelling its face, flirting with foreign admirers and beginning to talk and think about itself as the first genuinely cosmopolitan resort that Britain has seen.

Over the past ten years, in common with other coastal resorts, the town has increasingly lost out to the domestic expansion in holidays abroad. Its number of bed spaces—that comic yet effective barometer of a resort's popularity—has gradually fallen, and it seemed that Brighton might be slipping into spinsterly decline.

But not any more. The key to its resurgence and self-confidence is its growing importance as a conference town. The Conservative Party will be here this week, just as the TUC was here last month.

Addicted

Whereas this week's Tory talk-in will be housed in the Hotel Metropole, which overlooks the front, next year's Labour Party conference in Brighton will be one of the first staged in the town's new £8.5m. conference centre being built 200 yards away along the promenade.

It sometimes seems as though the West is becoming addicted to holding conferences so that everyone, from the Women's Gas Federation and Sophomores' International to the worldwide Church of God and the Institute of Solid Wastes Management, hurries about, often transatlantically, in search of capitals and resorts that are big enough and bold enough to take them.

But conference business is big business, and the Brighton Centre, which will be the biggest purpose-built establishment of its kind in the country, when it

opens next autumn, will—according to the Town Hall—enable Brighton to fight for the share of this lucrative market alongside other major European conference venues like London, Hamburg, Paris, Amsterdam and Copenhagen.

This is why Brighton is now projecting itself as an international resort. At present, one in three visitors to the town during the height of the season (and one in five over the year as a whole) are from abroad.

This year, it will probably attract 90,000 conference delegates and their wives who will spend more than £25m. in the town on top of its earnings from general tourism of around £40m. to £50m.

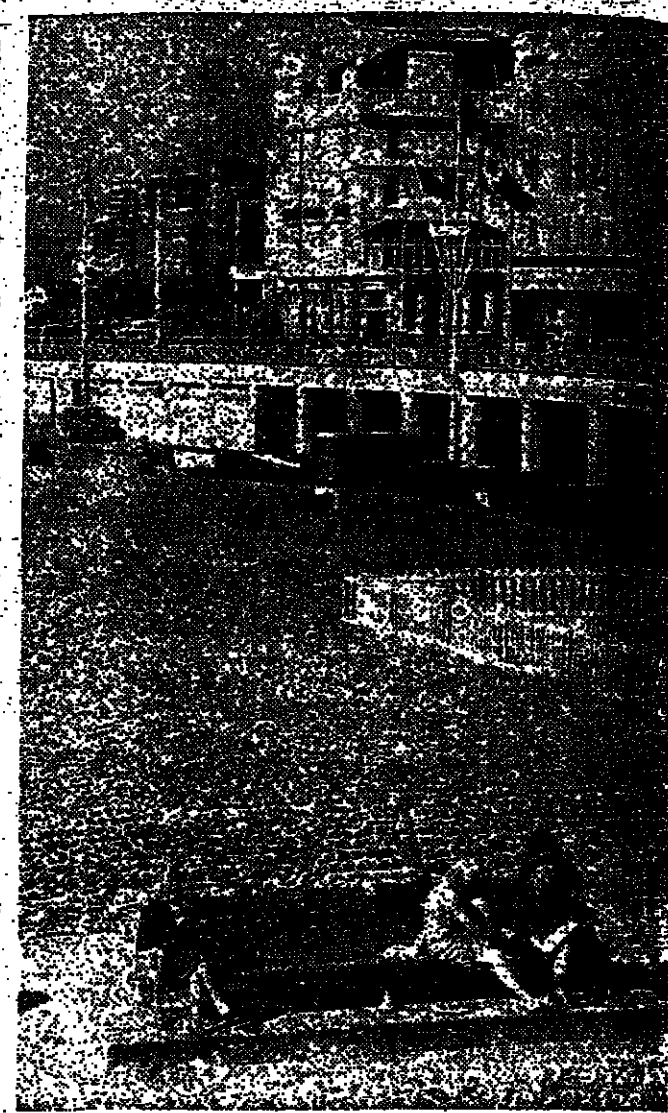
From next autumn, the number of delegates and wives will move to around 125,000 annually, and conference earnings should jump to about £25m. The new centre will hold up to 5,000 delegates and offer 25,000 square feet of exhibition space.

Vitality

Apart from the Brighton Centre and the Metropole, the town's other top conference venues (some of them tourist attractions in their own right) include the Dome, the Corn Exchange and the Royal Pavilion as well as a clutch of hotels, from the Grand, the Bedford and the Old Ship, each with more than 100 bedrooms, to the Beacon Royal, and the Wheeler's Sheraton, with under 50.

A second facet to the town's new vitality and expansionism is the Brighton Marina, a large-scale project which will provide moorings for more than 2,000 yachts and will eventually include hotels, restaurants, pubs, shops and a yacht club. Among the backers are EMI, National Westminster Bank, Royal Insurance Group and the Electricity Council Pension Funds.

Brighton's attractions as a resort differ vividly from those of Blackpool. Britain's other super-heavyweight conference resort, where as Blackpool is



gawdy, grimy and brash (it can afford to be: it expects to earn £180m. from tourism this year), Brighton is restrained, spacious and twee.

Soporific

Its entertainments (Gilbert and Sullivan at the Dome, Gerry and the Pacemakers at the Pavilion, Cabaret Bar) are innocuous and soporific while its antique shops, concentrated in the town's bingo parlours and candy stores by roughly 10-1. (As the pound plunged last week some of these antique shops were set upon with local ferocity by German, French, Dutch and American tourists.) Brighton is spruce, clean, soigné and snobbish. It is also town.

Import deposits forecast

BY MICHAEL BLANDEN

THE NEXT step in Government policy, following the application for a standby credit from the International Monetary Fund, is likely to be the introduction of a "temporary" import deposit scheme, the latest economic forecasts by stockbrokers Phillips and Drew says.

Such controls would have to be agreed by the Fund, the report said, but would probably be regarded more favourably than general import quotas. In order to achieve a worthwhile effect on the balance of pay-

ments, an import quota or control system would have to be so severe that it is unlikely that the IMF will accept it.

An import deposit scheme, requiring deposits at a rate of 50 per cent, lodged with the Bank of England for six months, could cut the money supply growth on the wider definition (M3) by two percentage points in a full year and save about £200m. on the current account of the balance of payments.

But Dr. Paul Neill, the Phillips and Drew economist, said that further measures, such as

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To the Holders of

ENTE NAZIONALE IDROCARBURI

E.N.I.

(National Hydrocarbons Authority)

6½ % Sinking Fund Debentures due November 1, 1988

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on November 1, 1976 at the principal amount thereof \$302,000 principal amount of said Debentures bearing the following serial number:-

DEBENTURES OF U.S. \$1,000 EACH

34	11	834	2008	3419	4071	4572	5225	6108	7049	8060	10048	11203	12136	13223	14281	17680	18998
90	007	2207	3533	4124	4981	5435	6154	7105	8314	10182	11298	12186	13227	14471	17790	18989	
195	1056	2204	3901	4177	4696	5263	6272	7172	8423	10147	11470	12520	13486	14603	17088	18222	
275	1245	2843	3834	4219	4725	5260	6280	7180	8100	10182	11351	12103	13406	14707	18202	19241	
354	1361	2912	3706	4274	4792	5299	6277	7288	8438	10355	11640	12540	13509	14655	18280	19414	
432	1516	2961	3792	4307	4821	5300	6290	7306	8536	10604	11800	12688	13737	14847	18446	19529	
510	1631	3073	3919	4331	4853	5330	6320	7336	8566	10634	11830	12718	13767	14877	18476	19559	
588	1811	3263	3898	4390	4910	5380	6370	7386	8616	10684	11880	12768	13817	14927	18526	19609	
666	1897	3306	3898	4419	4939	5410	6400	7416	8646	10714	11910	12798	13847	14957	18556	19639	
744	1984	3398	3920	4430	4950	5420	6410	7426	8656	10724	11920	12808	13857	14967	18566	19649	

On November 1, 1976, there will become due and payable, upon each Debenture the principal amount thereof, in such coin or currency of the United States of America as on said date is legal tender for the payment thereof of public and private debts, at the option of the holder, either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, N.Y. 10015, or (b) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the country of any of the following offices, at the principal office of Banca Nazionale del Lavoro in Rome or the principal office of Banca Commerciale Italiana in Milan or the main office of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt or the main office of Algemeene Bank Nederland N.V. in Amsterdam or the main office of Kredietbank S.A. Luxembourg in Luxembourg. The Debentures surrendered for redemption should have attached all unexpired coupons appurtenant thereto. Coupons due November 1, 1976 should be detached and collected in the usual manner. From and after November 1, 1976 interest shall cease to accrue on the Debentures herein designated for redemption.

ENTE NAZIONALE IDROCARBURI
By: MORGAN GUARANTY TRUST COMPANY
of NEW YORK, Fiscal Agent

September 27, 1976

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF U.S. \$1,000 EACH	13068	18416	18449	18467	18478
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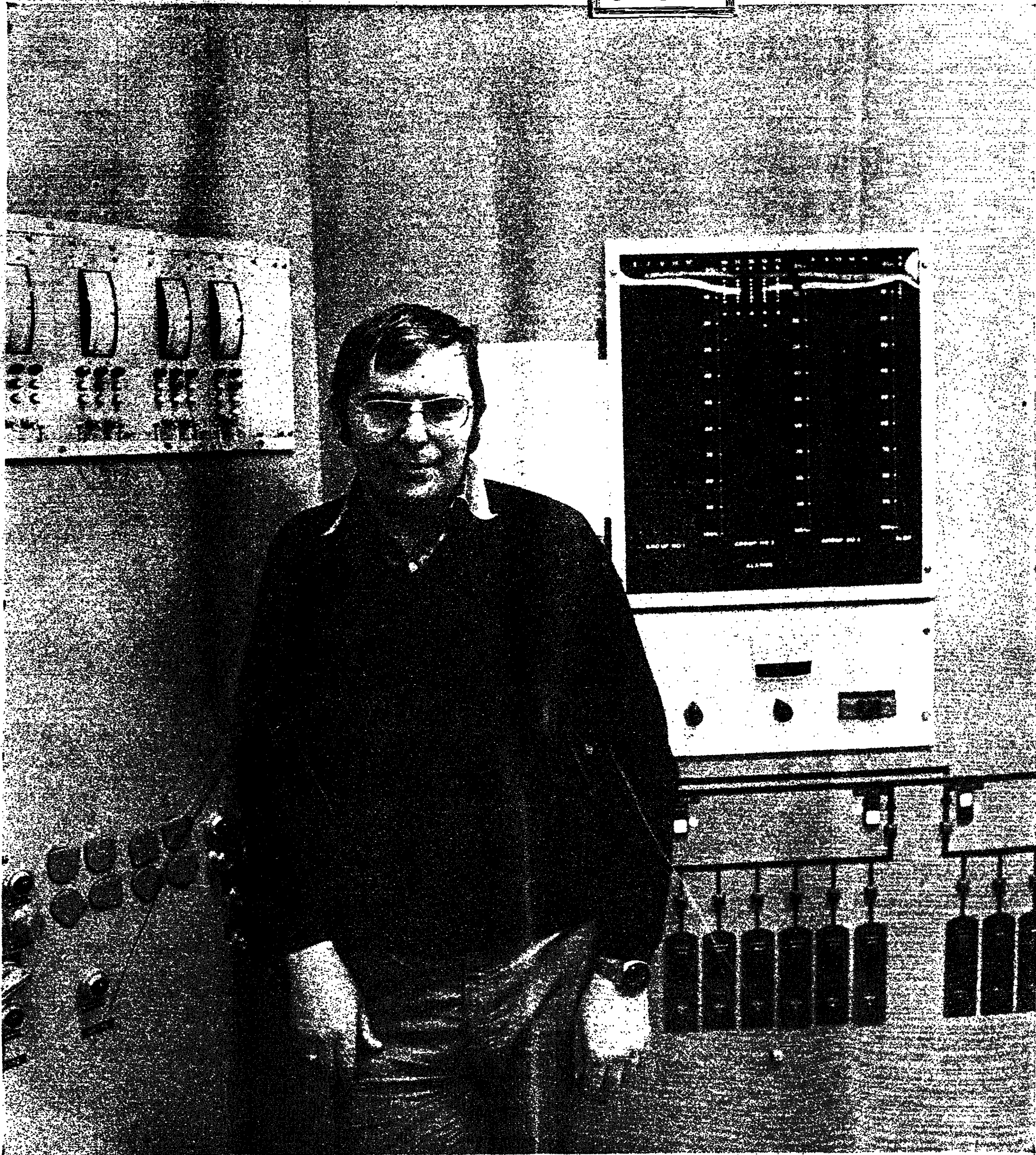
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ACARBO



Photograph: Gus Wylie

Duncan McGregor's ship came in this month.

Duncan McGregor's ship is an oil tanker, specially designed to take oil from our Beryl A platform in the North Sea, about 100 miles off the Shetland Islands, and deliver it to British ports.

The very first cargo was loaded in mid September. From now on, the tankers built for this service will move more than two and a half million barrels of oil each month to the mainland. That's about 30 million barrels a year, which makes a handsome addition to the country's energy supply.

McGregor, a tiny Scotsman who is oil movements

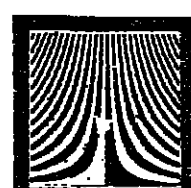
supervisor aboard Beryl A, spent the summer months supervising trial loadings of the tankers to make sure everything would be ready and in proper working order when the big day came.

It certainly was a big day, too, on Beryl A. After all the difficulties of creating a structure roughly the size of Westminster Abbey, setting it in one of the most troublesome seas anywhere, and then actually finding the oil that lies beneath the seabed and bringing it to the surface - that first tankerload brought a lot of satisfaction to the men on Beryl A.

And although the tanker slipped into port here without any special fuss, this first shipment from Beryl A held considerable significance for the nation as well. This is the payoff, or part of it, from all the work the North Sea oil search has generated over the past few years. This is what the excitement is about.

The arrival of Duncan McGregor's ship was very good news for everyone with an interest in Britain's future. That included us.

Mobil®



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

POWER

Sodium-sulphur battery race is on

BRITAIN could be just pipped at the post if all goes well in a development project announced by General Electric of the U.S. to build a commercial storage battery based on the sodium-sulphur couple.

It is likely to be a close-run thing, with the target date for the demonstration of a five Mega-watt-hour battery system set at 1981.

In Britain, Chloride Group, with the backing of the Electricity Council, is well ahead in the development of a similar battery system, but primarily with traction in mind. A demonstration of a battery cell module — packed which can be installed and removed for recharging with minimal effort — could take place before the end of the year.

But final decisions on whether and when to go into major commercial production, and who is actually to make the commercial units still have to be taken.

G-E has been awarded a \$2.5m. contract by Electric Power Research Institute and the target development period has been set at 32 months. This is the largest battery research contract so far awarded by EPRI and it will provide a fillip to an in-house G-E programme that began some time ago.

Initial target will be the development of a sodium-sulphur unit with a capacity of 10kWh and the assembly of ten of these into an energy bank able to

store 100kWh which will be about the size of an office desk.

The main point of the battery choice is its much higher energy density than lead-acid which promises a considerable reduction in overall dimensions and in weight for the same capacity.

Proposals are that large storage units could be installed by power utilities to take excess energy during periods of low power demand and permit the power authorities to run their power stations at optimum levels, thus saving valuable fuel.

In peak demand periods, conversely, the stored energy could be released to the system without the need for extra generating capacity.

The battery layout proposed by

TRANSPORT

Increasing carrying capacity

DESIGNED for towing by light vans and cars, a box-van trailer has been introduced by Coachwork Conversions, Windsor Street, Colne, Lancs. BBS 9JW (02824 6714).

Called TrailBoxes, they resemble caravans but are stated to be less cumbersome. Two models are available — 200 cu. ft. with a single axle, and 440 cu. ft. with a tandem axle. The first has a gross weight of 1 ton and can carry 121 cwt, the second grosses 2 tons and carries 1.4 tons.

The seamless 1 in. thick walls are laminates of the four-banded plywood, and the four-banded frame is of aluminium alloy extrusions, providing rounded

edges. Floors are of aluminium alloy planks and roofs are one-piece g.p. The two-wheeled trailer has double hinged doors, while the four-wheel version has a roller shutter. Loading height is 1 ft 3 in.

The tubular steel chassis has independently sprung wheels on short trailing arms. There are the usual over-run and parking brakes, jockey wheel, and stabilising jacks.

RESEARCH

Instruments study

DEPARTMENT of Industry has set up a small instrumentation study team. Object is to identify trends affecting the process instrumentation industry, and what the department's research and development strategy should be up to 1985.

SIRA is to prepare background

information for the team's consideration; work has started and the team has been asked to report back within six months.

Organisations of individuals wishing to make representations to the study team are asked to do so as soon as possible by writing to Mr. D. Prosser, Department of Industry, Room 305, Dean Bradley House, Horseferry Road, London SW1P 2AG (01-212-8660).

DESIGN

Simpler office layout

IN THE U.K., office filing cabinets have not undergone any major design changes for many years, although in Europe, where the office environment seems to be more highly re-

garded, the side file is in common use.

G. A. Harvey-Office Furniture, Woolwich Road, London, SE7 7JL (01-858 3232), a Butterfield-Harvey company, has launched a new range of office furniture, of which the first items are a set of side filing cabinets and a set (in similar dimensions) of open-plan storage units.

Main object of the new cabinets is to reduce the distance by which a filing cabinet projects into the office when the drawers are open. Total floor space required is, of course, the same.

Two, three- and four-drawer units are available, and a feature is an anti-draw mechanism which prevents more than one drawer being opened simultaneously.

The storage units have lockable tambour shutters, and internal fittings such as filing frames, pull-out shelves, tape racks, etc., are to customer's choice. Finish for the new steel units is light grey, with a choice of oak or white laminate top

SAFETY

Plugging pipes under pressure

GAS OR oil pipelines present a problem if they have to be plugged, because of the possibility of dangerously weakening the pipe-wall. The views of engineers in the oil and chemical industries are being sought on a device called the bobbin valve which its inventors consider constitutes a significant advance in plugging techniques.

A drill-nosed spindle is inserted diametrically across the pipe. Through a hole in the spindle, flexible wire is fed from the outside into the pipe, where it becomes entrained in the stream; and a length is carried down the pipe. The spindle is then rotated, causing the wire to form a spherical bobbin which substantially fills the cross-section of the pipe. Introducing granular material upstream of the bobbin valve will complete the shut-off.

Findlay Irvine, Bog Road, Penicuik, Midlothian, (0968 72111), the valve's developers, says the method can be used on any diameter of pipe, and by employing high-tensile steel for the spindle it can be designed to withstand the pressures encountered in oil wells.

display, and having pressed the "go" button the youngster keys in his answer. If it is correct, the complete equation appears for one second, and the next problem in the programmed sequence is displayed.

If a wrong answer is entered three times, the correct one is automatically displayed and persists until "go" is pressed again to bring up the next problem.

After ten problems, the Little Professor displays the score (number out of ten correct) and then moves on to the next set of exercises.

The method of use and the brightly coloured case (it has a face on it) apparently encourages the child to use the device as a game and this may turn out to be a valuable assistance in its success as a learning machine.

The machine is probably only a foretaste of what is to follow: it is understood that Texas plans the introduction next year of much more sophisticated machines aimed at the schools themselves. More from European Calculator Division, Texas Instruments, Block C, Manton Lane, Bedford MK14 7PU (0234 67466).

SECURITY

More likely to deter the thief

THE idea of automatically switching the lights on and off in premises at night is fine provided that the determined burglar cannot simply observe the sequences and conclude that the switching is indeed automatic.

This seems less likely to happen with the FWT7 unit announced by Photonic Controls, Unit 18, Hanger Three, The Aerodrome, Ford West Sussex (Littlehampton 21531).

It has been designed to give automatic but random switching of lighting and/or tape recorder and radios, with the "on" periods varying between one and 15 minutes and off periods from five to 25 minutes. It can switch up to five amps at 250V AC. The electronics are contained within a standard surface-mounting box measuring 8 1/2 x 8 1/2 x 5 1/2 in. with 13A connections.

An interesting feature is a photo-cell which monitors the ambient lighting conditions and inhibits operation of the unit during daylight hours, thus eliminating another "give away" for the thief.

CALCULATORS

Teaches arithmetic

LATEST change to be rung in the calculator market is a machine from Texas Instruments called "Little Professor" which is actually a teaching device rather than a calculator.

Designed for children and teenagers, aged six to nine and will be in the shops soon in limited quantities at a price between £15 and £20.

Looking like a normal calculator it has numeric keys 0 to 9, a standard function keys and some extra operational keys such as "addition" and "subtraction". One of these (a four position switch) allows the user to choose a degree of difficulty, roughly spanning the age range. He chooses what kind of sum he wants to do by pressing one of the four function keys. A problem then appears on the LED

CONSTRUCTION

Glass gives pipes high strength

ONCE it has been realised that glass fibre reinforcement could add immense structural strength to concrete, even in very thin sections, it was a foregone conclusion — with hindsight — that someone would think of applying the process of casting cements with fibre reinforcement into the form of a pipe.

But, always, in civil engineering, whatever components are used in and around structures which have to put up with extreme conditions of pressure and moisture, coupled with the unbelievably high forces of soil and foundation movement, leading prior to patenting, launch and general acceptance takes much longer than in most other branches of industry.

Nothing of this detracts, however, from the pioneering work carried out by ARC Concrete (Asbestos Reinforced Concrete) subsidiary to apply glass fibre reinforcement to pipes suitable for the punishing environment of surface water and sewage conveying.

Shimline is the appropriate name given to the various pipe products developed and tested and the launch marks a major advance in the application of Com-Fil glass fibre — developed by Pilkington — in the building industry.

Use of Com-Fil removes the need for steel reinforcement cages for pipework subjected to severe conditions and the new pipes offer performance equivalent to conventionally reinforced pipes in terms of strength, durability, low cost and low water absorption. At the same time, weights are lower while handling, jointing and trench preparation is easier.

A new factory is being opened at St. Ives, Cambs., with production to begin early next year at an annual rate of 10,000 tonnes, later to be raised to 50,000 tonnes. This is the design capacity of the plant and ARC is already thinking of converting production at other works from steel to glass reinforcement. The pipe range is from 600 to 1,200 mm internal diameter.

Shimline meets all the requirements of BS5556, the specification for cylindrical pipes and fittings, with the exception of the reinforcement material used. It is over 99 per cent high strength concrete and less than 1 per cent glass fibre. But this fibre goes into the areas of major stress, which enhances the strength of the concrete to a dramatic degree.

ARC developers have learned how to distribute fibre in the concrete to get the best characteristics and have protected their work by world patents.

Pipe made by the process balances at its own neutral mechanical centre so that slitting handling is simple. It is also slimmer so that the trench can be as much as 20 per cent narrower. No bell-end means a flat

bedded trench and a reduction in the need for bedding.

Testing has included a highly instrumented experiment on a length of pipe under the company's access road at St. Ives, Cambs. and Road Research Laboratory staff and company developers have monitored pipe performance against ground and loading, settlement and heavy traffic, with outstanding results.

While all this was going on, ARC sought and obtained an Agreement Board certificate.

Several producers both in the U.K. and overseas are discussing manufacture under licence to ARC and at least one agreement with a U.K. company is expected before the end of the year.

This is by no means the end of the story, which began in the late 1960s at the Building Research Establishment with work on alkali-resistant glass fibre. ARC is already studying pressure pipes made by a similar process.

It would not have been possible, however, without the expenditure of several million pounds by Pilkington and NRDC to take the discovery made at BRE, that zirconia added to glass fibre would provide the needed alkali resistance, to the point where a commercial fibre of this type could be made.

Further details of the development from ARC Group at 15 Stanhope Gate, London W1Y 6AB 01-499 3811.

varying the ratio of the area of the hydraulic rams to the concrete pumping pistons.

Burling Engineers, Burling Works, Tudor Estate, Park Royal, London NW10 7XR (01-995 6777).

Anti-vandal lift car

IT IS a sad comment on the times that a lift car has to be designed so that it will, in the words of the maker, "resist even the most brutal mistreatment" and is described as "anti-vandal".

Among the features are doors of 1 inch thick steel "rugged enough to resist the most aggressive of kicks" and vision from the car roof, and a sandwich of polycarbonate and wired glass behind apertures which are large enough to allow viewing but too small to provide an adequate target for hammer blows.

To prevent objects being forced into the lift shaft incursions, ventilation is incorporated for ventilation at the top and base of the car. The light fitting and indicators have polycarbonate lenses, accessible only by buttons are stated to be resistant to cigarette lighters and jamming. Interior finish has been designed to resist graffiti and simplify cleaning "after other unpleasant abuses".

The car is made by Wm. Wadsworth and Sons, High Street, Bolton, Lancs. (0204 32811), a Harris and Sheldon Group company.

Pumps the concrete further

EXPERIENCE gained in the pumping of concrete under the most challenging conditions, especially on offshore sea and oil gravity platforms built in Britain and abroad, has been incorporated in the design of new Schwing pumps.

Maximum theoretical concrete outputs and maximum pressures in the concrete run from 40 to 118 cubic metres/hour and 70 to 165 bar respectively.

Schwing supplies these new extreme pressure pumps with either an electric or diesel prime mover. In the case of the electric prime movers such as the two 75kW electric motors drive independent dual axial piston hydraulic pumps. Advantages are that a lower starting current is needed than for a single 150kW motor and the pump's capacity can be halved by closing down one prime mover and reduced further by manual adjustment of necessary pressure.

Relatively low hydraulic pressures are used for all the new machines and the high pressures in the concrete are obtained by

Wall and roofing panels

INSULATED cladding which, it is claimed, shows substantial savings in installation time and overall cost when compared with conventional building methods requiring subsequent insulation has been introduced by Central Tridrop.

Marketed under the name Minox, the cladding comprises lightweight prefabricated energy saving panels manufactured with structural waterproof facing and designed for use as both external walls and roofing. They are also suitable for internal walls and partitions and for thermal insulation applications.

Panels are available in lengths of up to 16 metres and in widths of 1.2 and 1.0 metres depending on the method of installation. They are of sandwich construction, with outer structural facings of 0.5 mm gauge profiled sheet steel protected by zinc plating.

HANDLING

Transporter takes heavy loading

TO BE completed next year, the new headquarters of the Tees-side Division, British Steel Corporation, will have the first installation in Britain of the Telelift internal transport system for document conveying.

Containers, each capable of carrying slightly less than 12 lbs (5 kg), run on a profiled track which carries low voltage conductor rails. Each container is equipped with its own long-life 24-volt dc motor and brake unit and can be addressed to the required destination by a group of sliding magnets. These act on reed contacts which operate switches at key positions to send the containers down the required paths.

In the Redcar installation, there will be six stations served by 12 containers.

Speed of the containers is 977 005L.

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Building and Civil Engineering

£33m. Matthew Hall awards

£3.2m. jobs won by R. M. Douglas

£6.8m. job for Wimpey

The dynamic Group in the building business...

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£33m. Matthew Hall awards

LARGEST OF six contracts just announced by Matthew Hall Engineering is the large organic chemical plant to be constructed in an existing site at Flanders, which can be used for a range of products. The plant will be built by Messrs. Sharp and John. Engineering design, procurement and construction will take until late 1978 and total cost is put at around £13m. Under a similar arrangement, the company is to set up a grass roots plant at a site near Cork City. The plant will be built by the group of Philadelphia. It will produce a range of chemicals, including MCG for use in pharmaceuticals. It will also be constructed in 1978.

The new company offices for Flanders, Sharncliffe Park, Road, represent a further £3m. to be spent on the installation of mechanical building services. A new recovery scheme forms part of this project, for which the company is to set up a grass roots plant at a site near Cork City. The plant will be built by the group of Philadelphia. It will produce a range of chemicals, including MCG for use in pharmaceuticals. It will also be constructed in 1978.

£3.2m. jobs won by R. M. Douglas

UK CONTRACTS worth over £3.2m. have been won by R. M. Douglas Construction.

About £2m. of this is for industrial development, the largest projects being a computer centre at Redditch for British Leyland value £1.1m. and workshops and stores at Risley for the United Kingdom Atomic Energy Authority value £640,000.

The total also includes a contract value £765,000 for the Staffordshire County Council for the construction of the Barton Turn Interchanges on the A38 trunk road.

R. M. Douglas Roofing has been awarded contracts totalling £722,000. This includes roof decking and cladding of a hypermarket at Minworth, Sutton Coldfield, for Carrefour (£200,000), decking for a creamery plant at Feltham, Dorset, for the Milk Marketing Board (£120,000), and decking for a store at Ramsgate, Kent, for the Royal Arsenal Co-operative Society (£50,000).

£6.8m. job for Wimpey

A £6.8m. contract has been awarded by Runcorn Development Corporation to George Wimpey for the construction of 683 houses.

Aimed at housing more than 3,500 people, the Windmill Hill housing development, phase one, will include a mixture of one- and two-storey dwellings.

Under a £500,000 contract awarded by the Governors of St. George's Hospital, Wimpey is to build two three-storey accommodation blocks containing 136 study/bedrooms for the staff of the medical school at Tooting, South London. Architects are Watkins Gray and Woodgate, and quantity surveyors Widdell and Trollope.

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Trade with Saudi Arabia

MANUFACTURERS of building materials and components will this week have an opportunity to meet trade mission from Saudi Arabia in London. The mission will include an architect, two contractors and possibly an importer.

The mission is sponsored by The Building Centre and the British Overseas Trade Board. Details from Mr. W. Bridger, International Centre, The Building Centre, 26 Store Street, London WC1E 7BT (01-636 1187).

Housing in N. Wales

A CONTRACT worth £280,000 for 42 two-storey houses and 72 flats in three-storey blocks in the centre of Llandudno, has been won by Edward Jones (Contractors).

The developer, the Second Cottingham Housing Association of Manchester and the architects Edmund Kirby and Sons, Liverpool. The scheme is due for completion in the early summer of 1978.

£1m. orders for Bowey

CONTRACTS totalling £1m. have been won by the Bowey Group of Gosforth, Newcastle.

Ralph Bowey and Son, the main building company, has won orders worth more than £414,000. The work includes a £249,000 factory extension for American Air Filter at Cranlington, Northumberland, and an advance factory costing £133,600 for the British Industrial Estates Corporation at Thornaby, Cleveland.

Wm. T. Wallace and Son, the group's civil engineering contractor has added £200,000 to the order book for work at Dunston, Tyne and Wear, for Northern Gas, for new workshops and an access road to the National Coal Board at Ashington, Northumberland, and for road surface.

Damp walls avoided

AIDELLE PRODUCTS, a division of Airflow Development, developed in conjunction with the Property Services Agency of the DoE, a domestic condensation control system now installed in over 600 homes throughout the country.

An important component of this system is the Dewtrol condensation detector. This unit is now available for use with any approved extract fan or ventilation system.

Dewtrol detects the presence of moisture as the atmosphere reaches dewpoint, and switches on the ventilation/extraction system to prevent condensation forming. Such control of a ventilation/extraction system means that the user neither has to be on hand to ensure the system is switched at the right time, nor does he have to leave the system running continuously.

The Dewtrol will automatically switch the system on and off, always at the right time, but only when required.

A small sensor, which is installed on a cold surface where moisture would normally first begin to condense, and a control box which houses the electronics make up the unit. When the sensor is exposed to moisture it experiences a change in electrical resistance. At the control box this change is accepted as an electrical signal, amplified and used to switch the 250V mains supply via two auxiliary output circuits. These outputs may be used to directly operate ventilation/extraction units of low power consumption (up to 5A) or to energise a contactor, etc., to operate larger, heavy duty systems.

Aidelle, Lancaster Road, High Wycombe, Bucks. HP12 3QP. 0494 28252.

Control of floods

THE SNC Group of Montreal has signed a contract with the Government of Tunisia covering design, engineering and project management for a SC150m. earthfill dam, access road and an spillway to be built at Sidi Saad on Oued Zeroud near the city of Kairouan.

Warehouse in Iran

THE ATCOST Group of Tunbridge Wells, Kent, has signed an agreement with the Arvand-Ruh Construction Company, of Iran, for the building of 11,000 square metres of warehousing to provide storage for paint and dye products. The ultimate scheme will cost over £700,000.

The concrete structural frames will be manufactured on-site and the heavy steel moulds, from which the components will be cast, have already been despatched overland by road from the Atcost factory at St. Ives, Cambs.

A four-man technical team will be following by air in a few days to supervise the construction and instruct the local labour force. The team is scheduled to be in Tehran for four months.



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but we soon Build Up.

The Eurocub is available in two versions: Eurocub 100 and Eurocub 200. Both are made of high quality materials and are built to last. They are easy to install and use, and are a great way to improve your home's insulation and energy efficiency.

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The capability of the Norwest Holst group is total in the extent of its activities for the civil engineering and construction industries - and also in geographical coverage.

It isn't possible to show on the map all the projects now being undertaken in Britain but there are enough flags to give some idea of our capability. Whether shown or not, and regardless of size, all projects have the same benefit of our personal attention and service.

As a very brief selection of what we do, the project at Okehampton is earth moving, Carlisle a gas pipeline, Glendon a water treatment works and reservoir, Anglesey storage tank foundations and pipelines, Swindon a town centre development, London two major refurbishment contracts and Sittingbourne a multi-flue chimney and boiler house.

Of course we don't stop at the Channel. Anywhere outside the UK we are able to provide our management expertise and technical skills through Norwest Holst International and our incorporated overseas companies.

Whatever the job or wherever it is, we can undertake the whole project from soil testing to completion. The sustained flow of new orders reflects confidence in both our management policies and our capability in implementing them.

E.A. Brian, Chief Executive, Norwest Holst Group.

Norwest Holst total capability

Norwest Holst Limited 35 Chesham Place, London SW1X 8HB. Telephone: 01-235 9951 Telex: 917047.

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US\$27 Billion in Assets. As our size indicates, you can expect uncommon organizational efficiency and security in your dealings with IBJ.

In-Depth Expertise. Our considerable experience as Japan's leading long- and medium-term loan bank has provided us with the analytical skills and foresight you require to deal efficiently on world markets.

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New York: 100 Broadway, New York 10036 Phone 212-661-1000 Telex 5030
Singapore: 100 Raffles Place, Singapore Phone 224-1111 Telex 2300
Buenos Aires: 100 Montevideo, Buenos Aires Phone 431-1111 Telex 2300

BANKING APPOINTMENTS

SENIOR BANKING EXECUTIVE
Middle East

A long established European merchant bank intends to appoint a senior executive to be responsible for the development of its business throughout the Arabian peninsula. He will be based in Abu Dhabi, where he will have a small staff and be supported by specialist departments of the bank in Europe and the USA.

Candidates should have a background in international banking, or possibly in the treasury function of a large international company; they will have reached the level of head of department or manager of a distinct operation.

They should have had previous experience of working in the Middle East and must have a deep interest in and understanding for Arab culture. They must have the personal qualities which will enable them to establish an eminent position in the financial community of the region.

The preferred age is late 30s or early 40s and the successful candidate may envisage a long term career with the Bank. The salary, which is tax free, will reflect the importance and level of this appointment. Other benefits will include generous housing, car and education allowances.

Please write in the first instance with brief particulars to:
C. J. Sackur, Spencer Stuart and Associates,
Brook House, 113 Park Lane, London W1Y 4HJ,
who is advising on this appointment.

Spencer Stuart and Associates Ltd.
Management Consultants

Jonathan Wren
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Jonathan Wren & Co Ltd, 170 Bishopsgate, London EC2M 4LX 01-623 1266

COMPANY NOTICES

DE BEERS INDUSTRIAL CORPORATION LIMITED
Incorporated in the Republic of South Africa
It is announced that 2,718,543 ordinary shares of £2.00 each at a subscription price of £2.00 per share, representing 98.96 per cent. of the issued share capital of the company, were issued on 24th September 1976.

LEGAL NOTICES

No. 000224 of 1976
In the HIGH COURT OF JUSTICE, Chancery Division Companies Court, in the Matter of C. & R. CONVERSIONS LIMITED and in the Matter of The Companies Act 1968.
NOTICE IS HEREBY GIVEN that a Petition for the winding-up of the above-named Company by the High Court of Justice was on the 25th day of September 1976, presented to the said Court by the COMMISSIONERS OF CUSTOMS AND EXCISE of King's Bench House, 20-21, Mark Lane, London EC3R 7JE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 1st day of November 1976, and any creditor or contributory of the said Company desiring to support or oppose the making of an order on the said Petition must appear at the time of hearing in person or by his counsel, for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company on payment of the regulated charge for the same.

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APPOINTMENTS WANTED

BANKER WITH 15 YEARS
recently manager of foreign exchange department of small central bank seeks position Far or Middle East.
Write Box A 5709, Financial Times, 10, Cannon Street, EC4A 3DF.

LABOUR NEWS

Midland drivers may ban spy-in-cab lorries

BY OUR LABOUR STAFF

LORRY DRIVERS in the Midlands are planning to black vehicles containing tachographs from October 18 in protest against the growing use of the monitoring system which has become known as the spy in the cab.

Although lorry drivers and the transport unions are opposed to the compulsory use of tachographs the Midlands men claim that about one-third of lorries operating in the region contain the devices.

The decision to issue an ultimatum to Midlands haulage companies was made at a meeting of 375 Transport and General Workers Union shop stewards, representing about 7,000 lorry drivers.

Disagreements over the use of tachographs have already led to token stoppages by Liverpool tanker drivers.

Midlands shop stewards believe that an increasing number of

haulage companies are complying with an EEC directive that tachographs should be fitted.

They fear that unless action is taken against this the Government might go ahead and make the use of tachographs compulsory if sufficient lorries contained them.

The Transport and General Workers' Union says that Common Market lorry drivers' unions are opposed to the compulsory fitting of tachographs.

There are also indications that many haulage companies, which previously favoured the idea, feel that the cost of the equipment would probably outweigh any advantages, particularly if compulsory introduction of tachographs led to disputes.

TGWU officials also believe, following a recent meeting of a joint consultative working party on road transport on which unions and employers in the Common Market are represented,

Fair wage ruling gives 30 pay rise

By Our Labour Staff

WAGE INCREASES for the normal hourly rate of pay have been granted by the Central Arbitration Committee under the Fair Wages Resolution passed by the Commons in 1946.

This permits the regulation of pay and conditions in companies engaged in Government contracted work.

It was argued by the Association of Professional, Executive, Clerical and Computer Staff, which represents the other staff, that the wages of the normal hourly rate of pay at comparable engineering companies.

Newton Derby office staff were involved in a long equal pay strike early this year and APES is pursuing equal pay claims through the Industrial Tribunal.

The union says that if the effect of the fair wages ruling equal pay rises and an early 30 pay increase will produce rises of more than 40 per cent. this year for most of the staff.

Mr. Ray Edwards, assistant general secretary, said yesterday that the union would increasingly use the law to combat low wages for its members while the pay guidelines remained in force.

"The law provided 'legitimate devices' which would be used against employers who sought to 'hide behind' the guidelines. Our action is within the spirit of the contract which means nothing if it does not benefit the staff."

'Financier wreckers' attacked

By Our Labour Staff

ANOTHER senior trade union leader, Mr. David Bassett, yesterday joined the attack on politically motivated men in high finance who, Mr. Jack Jones said last week, were unpatriotically denying Britain investment.

Mr. Bassett, general secretary of the General and Municipal Workers' Union, said: "The wreckers of our economy are the currency speculators and the investment strike industrialists."

The Conservative Party wished to replace the social contract. "The one important economic and political development since the war," while remaining silent on those in the financial and industrial sectors who were sapping the nation's economic strength.

"It is a reflection of their fixation with nineteenth-century economics and their yearning for an Industrial Relations Act relationship with unions."

"Compared with this approach, which has previously led to confrontation, the Labour Government is seeking to solve our problems on a basis of consensus."

Careers chief urges better jobs policy

BY ALAN PIKE, LABOUR STAFF

THE GOVERNMENT'S emergency measures to help unemployed young people must be developed into a more coherent policy to deal with "one of the most frustrating economic and social problems of our time," Mr. Ray Hurst, secretary of the Institute of Careers Officers, demanded at the weekend.

Unemployment of teenagers, Mr. Hurst told his association's conference at Oban, would have been much higher, but for Government measures like job creation schemes, training and recruitment subsidies.

But it must not be forgotten that those now employed on training or special schemes would seek normal employment in the future. The number of young people entering the labour market would increase in the next five years.

It was doubtful whether the economy could expand sufficiently in the coming few years not only to reduce unemployment among young people to tolerable levels, but also to give them an adequate choice of career.

The careers service, called upon the Government to undertake an immediate examination

of the emergency measures with a view to formulating a co-ordinated policy of work experience, assessment and training for young unemployed.

"Only in this way can a permanent, constructive policy be devised which would offer young people some hope and relief from the chronic frustrations of idleness caused by long-term unemployment."

Mr. Hurst attacked the "minute" allocation of resources to the careers service compared with the Manpower Services Commission.

Tax inspector? The boss? Your very own teenagers? Give yourselves a break from all of them: escape to the North Pennines! A hotel only costs about £15 each the whole weekend just now!



Don't believe it? Check with the English Tourist Board's booklet, 'Let's Go'. This unique guide lists over 780 bargains in hotels covering every part of England—all offering special out-of-season rates.

Good food, breathtaking scenery, and a genuinely warm welcome... a weekend in the North Pennines is rewarding any time. All sorts of lovely places in Northumbria, Cumbria, and Yorkshire well within your scope. Things to do: fishing, hiking, walking (moors, hills, old Roman routes), pony-trekking. Places to see: Bowes—12th C. castle, Norman keep; Roman fort; Barnard Castle and impressive Bowes Museum; bracken-topped Howgills Falls behind Sedburgh; High Force, waterfall in Teesdale. Trips: Richmond, for its theatre, pretty views, and museum; Ripon Cathedral; Jervaulx Abbey; Beamish Open Air Museum—vivid portrayal of Northumbria's life and history; Hadrian's Wall; fine old town of Northallerton; the unspoiled expanses of Wharfedale and Swaledale, like all this area, rich in wild life. Price: full board, Fri. dinner to Sun. after lunch, VAT and service included, about £15 a head.



NAME _____
ADDRESS _____

End 'callous treatment' says teachers' union

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

STEPS to end the "callous and irresponsible" arrangements for training and employing school teachers, which have left about 20,000 without jobs this autumn, are urged in a policy statement issued today by the combined National Association of Schoolmasters and Union of Women Teachers, the second biggest educational union in Britain.

In a thinly veiled attack on its larger rival and fellow TUC affiliate, the National Union of Teachers, the combined body described "as ridiculous" the policy of continuously demanding "that the number of teachers employed should be expanded regardless of national economic problems."

"There are upper limits on the amount that the nation can afford to spend on education, so it follows that there must also be upper limits on the extent to which the education system can be permitted to be the consumer of its own product. Industry and commerce are the basis of our financial strength."

The combined union criticises the lack of control over local education authorities which allows their associations to join supply while individual authorities are simultaneously leaving teachers unemployed by diverting money given to them for school recruitment to other purposes.

Journalists fight union move

AN APPEAL by 36 members of the National Union of Journalists against disciplinary action for refusing to support dispute will be heard in Peterborough today.

The journalists, all employed by the Sharman Group of newspapers, defied instructions from

CUMMINS ENGINE COMPANY LIMITED

INTERIM STATEMENT

The unaudited sales and net profit of the Company and its wholly owned subsidiary for the six months ended 4th July, 1976 as compared with the sales and net profit for the six months ended 29th June, 1975 are as follows:

	Six Months Ended 4th July, 1976	Six Months Ended 29th June 1975
Sales	£31,133,000	£31,018,000
Profit before taxation	5,162,000	3,337,000
Provision for taxation	2,634,000	1,647,000
Net profit	£2,528,000	£1,690,000

Note: Corporate tax has been charged on the profit before taxation at the rate of 52%.

Registered office and U.K. Marketing Headquarters: Coombe House, St. George's Square, New Malden, Surrey.

General Cable International N.V.

Guaranteed Floating Rate Loan Notes 1980

In accordance with the provisions of the above Notes, Irving Trust Company, as Fiscal Agent, has determined the Rate of Interest payable with respect to Coupon No. 13 on Thursday, March 31, 1977 to be Seven and One-half per cent (7½%) per annum.

October 4, 1976

Irving Trust Company,
Fiscal Agent

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FINANCIAL TIMES SURVEY

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Advertising and Marketing

Marketing—a management philosophy or just a bundle of techniques?

This Survey looks at an industry which uses its persuasive powers to help others while being poor at projecting its own image.

The evolution that wasn't

by Antony Thornecroft

MARKETING, OR rather the marketing concept, is currently being promoted as the elixir which was going to solve the country's economic problems. It is a concept which has been around for a long time, but it is only now that it is being promoted as the answer to all our ills.

It soon became apparent that the marketing concept was not quite sufficient, and soon the marketing men began to be regarded as a separate breed. By the financial executives, now, the marketing man is seen as a man who is not only a salesperson but also a manager.

Definitions of marketing are plentiful, ranging as they do from the pithy "People don't buy products—they buy the expectation of benefits" from Theodore Levitt in his book *Marketing Myths*, still the best introduction to the subject, to the more down to earth definition of Aubrey Wilson "market-

ing is all those activities concerned with the purchase and sale of goods and services in industrial and commercial markets, and between organisations, buyers and sellers."

In practice those involved in marketing do not worry about the philosophy; they get on with their particular tasks in what is basically a whole range of techniques—advertising, market research, new product development, distribution, pricing, packaging and design, etc.

Advertising is inextricably linked to marketing because it is its most blatant manifestation and also a very visible industry in its own right. Last year film, plus was spent on advertising and this year the figure will be higher. Rather than being a small number, it is now a very significant part of the country's economic problems.

Not only is advertising the biggest industry inside marketing—it is also the most blatant part. Advertising agencies were quick to jump on the marketing bandwagon, and to offer clients a full range of marketing services. They have since found this to be very expensive, and are hiving off, where possible, their merchandising, public relations, research, departments,

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Consumer

Unfortunately these days so can a client. One of the biggest changes in marketing in recent years has been the growing sophistication of companies as against advertising agencies, especially in the area of fast-moving consumer goods. It is the manufacturing companies that can afford to employ the brightest graduates. With their enlarged marketing departments they are encroaching on the specialist areas of the advertising agencies rather than vice versa, and the day may well come when agencies will be used just for a creative input and perhaps for their knowledge of media. Companies are less and less prepared to hand over a 15 per cent. commission on all advertising placed by an agency—they want better value for their money.

The sharpest agencies realise this, and some are selling their media departments as a separate service, available to all advertisers and not just clients. Other agencies are taking a tougher line with clients, concentrating on producing good ideas but insisting on being paid with fees rather than with unpredictable commission. Such agencies are also inclined to drop clients they cannot agree with.

But if there is an air of change in the advertising world, change which is likely to be speeded up if the Restrictive Practices Court finds against the commission system, the manufacturers are not having things their own way. In their turn they are under pressure from the retailers. Indeed some retailers believe that they can handle the whole marketing process.

Rather than having manufacturers build up a demand among consumers for their products by advertising, the retailers suggest that the promotional money should be handed over to them and they will use it in reducing

prices and also in advertising the shop. To ensure distribution on the limited High Street shelf space, many companies are relying on the retailer to sell their goods and paying the retailer's price.

As an indication of this, the average amount spent on television advertising by packaged goods companies has not changed for four years, even though the amount of television time acquired for the money has fallen by almost 50 per cent. So brands are not being advertised so heavily by their makers—retailers are behind much of the rising sales.

And, of course, retailers are also competitors through their "own-label" lines. Some, such as Marks and Spencer and Sainsbury, concentrate on "own-label", but most other retailers think it dangerous to let "own-label" account for much more than 20 per cent of their turnover. The growth in retailer power, constantly being reinforced now that the retailers have become very heavy advertisers themselves, is a worrying factor for advertising agencies.

On the credit side advertising no longer seems to be in the political firing line. There are still Labour Party proposals to establish an advertising tax, and to ensure better substantiation for advertising claims, but the efforts of the Advertising Standards Association to

tighten up on suspect areas, like drink and tobacco, and to publicise its activities have dampened some of the criticisms. At the recent Advertising Association Conference the industry even took the initiative, making the point that the freedom to advertise was another freedom worth fighting for.

Not everyone might agree, but the case for advertising, which is also the case for marketing, has gone by default in the past. It was nicely summed up recently by John Beasley of Cadbury-Schweppes, using Marvel as an example. The manufacturing process for Marvel cost £2m., and by last year Cadbury was selling 6,000 tons a year at a price then of 25p. It reckons that if it reduced advertising sales would fall to 4,000 tons and the cost per tin would have to be raised to 26p. At 2,000 tons the price rises to 29p, and the whole operation becomes unviable. Cadbury is one company that explains to its workforce why it advertises.

The Marvel example shows how important advertising is in the marketing of packaged goods, and what a bargain consumers get as a result. David Orr, chairman of Unilever, said in July that his company spends £180m. worldwide on advertising. It sounds a vast sum, but in the U.K., for example, where Unilever is the second biggest advertiser (after,

extra cash going below the line: it is all taken care of between the manufacturer's key account salesman and the retail buyer. Companies can sell their goods on price for a time, but examples from the fruit squash industry, in particular, suggest that without brand advertising tend to shrink but the retailers' "own label" brands are the natural beneficiaries.

The consumer goods side of marketing tends to hog the attention because it contains the largest marketing departments, and budgets, but there is a steady, if slow, spread of marketing methods among the capital goods companies. This is particularly true on the research side, whose feasibility studies are now quite common.

But industrial marketing still lacks a loud, central voice, and progress in a market like agricultural feeding stuffs makes little impact in other fields. Industrial marketing retains some of the characteristics of traditional selling; for example, there is a heavy employment of salesmen. These days consumer goods companies have reduced their sales teams and rely on head office selling and on merchandisers in the field. The industries that live off marketing—research, PR, design, promotions, etc.—are

essentially service industries which reflect the state of the economy. This year business was gathering steam in the late 1960s the attention switched from a spending approach to a growth, which is the marketing approach. To the more restrictive attitudes of the accountants. As against the U.S. we have only 100 or so marketing graduates now in industry and the business schools are not making the impact that was expected from them.

Switched

To a great extent the marketing revolution has never happened. Just when the discipline was gathering steam in the late 1960s the attention switched from a spending approach to a growth, which is the marketing approach. To the more restrictive attitudes of the accountants. As against the U.S. we have only 100 or so marketing graduates now in industry and the business schools are not making the impact that was expected from them. The advertising trade bodies are perhaps still too numerous and, although the Institute of Marketing is increasing in influence, marketing requires one strong national body able to represent all its myriad faces. Whether this can ever come about in such a competitive and varied activity is doubtful.

ADVERTISING EXPENDITURE BY TYPE

(£m.)

Type	1960	1964	1968	1972	1973	1974	1975	Percentage of Total	1960	1964	1968	1972	1973	1974	1975
Display advertising:															
Press*	151	181	193	270	322	328	360	46.7	43.5	29.3	38.1	36.8	36.4	37.2	
Television	72	102	129	176	210	203	236	22.3	24.5	25.6	24.9	24.0	22.6	24.4	
Other media†	22	26	27	34	40	48	53	6.8	6.3	5.4	4.8	4.6	5.3	5.4	
TOTAL	245	309	349	480	572	579	649	75.8	74.3	69.4	67.8	65.4	64.3	67.1	
Financial notes etc.*	4	6	10	17	16	13	14	1.2	1.4	2.0	2.4	1.8	1.4	1.4	
Classified advertising, Trade and technical Journals	43	64	98	150	213	228	218	13.3	15.4	19.5	21.2	24.4	25.3	22.5	
TOTAL	31	37	46	61	73	80	86	9.7	8.9	9.1	8.6	8.4	8.9	8.9	
TOTAL	323	416	503	708	874	900	967	100	100	100	100	100	100	100	

* Excluding financial, classified and advertising in trade and technical journals.
† i.e. poster and transport, cinema, radio.
** Company reports, prospectuses and other notices, but excluding display advertising by financial institutions.

ADVERTISING EXPENDITURE

(£m.)

	At 1970 prices	At current prices	Consumer expenditure	GNP
1952	N/A	123	1.23	0.94
1955	N/A	197	1.44	1.07
1960	N/A	323	1.91	1.42
1961	436	328	1.90	1.38
1962	436	345	1.84	1.36
1963	465	371	1.84	1.37
1964	509	416	1.93	1.41
1965	524	439	1.99	1.46
1966	524	448	1.84	1.35
1967	524	451	1.77	1.29
1968	524	503	1.85	1.35
1969	524	544	1.87	1.36
1970	524	554	1.76	1.28
1971	524	591	1.68	1.20
1972	524	604	1.79	1.28
1973	524	674	1.94	1.36
1974	524	706	1.74	1.27
1975	524	687	1.54	1.04

* Figures in this column are obtained by deflating the current price figures by the combined index of media rates.

ADVERTISING EXPENDITURE BY MEDIA

(£m.)

Media	1960	1964	1968	1972	1973	1974	1975	Percentage of Total	1960	1964	1968	1972	1973	1974	1975
National newspapers	64	86	99	130	160	161	162	18.5	20.7	19.7	18.4	18.3	17.3	16.8	
Regional newspapers	72	95	121	158	236	273	282	22.3	24.5	24.1	26.5	29.3	30.4	29.2	
Magazines and periodicals	40	46	50	60	72	71	79	12.4	11.1	9.9	8.5	8.2	7.9	8.2	
Trade and technical	31	37	46	61	73	80	86	9.8	8.9	9.1	8.6	8.4	8.9	8.9	
Directories (inc. Yellow pages)	2	3	8	15	17	16	20	0.4	0.7	1.6	2.1	1.9	1.8	2.1	
Press production costs	15	18	23	44	46	48	49	4.5	4.3	4.6	6.2	5.3	5.3	5.1	
TOTAL PRESS	229	288	347	498	624	649	678	70.5	69.3	69.0	70.3	71.4	72.1	70.1	
Television	72	102	129	176	210	203	236	22.3	24.5	24.1	26.5	29.3	30.4	29.2	
Poster and transport	16	18	20	26	31	34	35	5.0	4.3	4.0	3.7	3.5	3.8	3.6	
Cinema	5	6	6	7	7	8	7	1.5	1.4	1.2	1.0	0.8	0.9	0.7	
Radio	1	2	1	1	2	6	11	0.2	0.5	0.2	0.1	0.2	0.7	1.1	
TOTAL	323	416	503	708	874	900	967	100	100	100	100	100	100	100	

INDEX OF MEDIA RATES

1961-1975 (1970=100)

Year	National dailies	National Sundays	Regional dailies	Weekly papers & periodicals	Magazines	Trade & technical	Total Press	TV Index	Year on year % change	Combined Index	Year on year % change
1961	76.9	80.0	77.8	74.1	72.0	67.7	74.4	85.8		77.6	
1962	76.4	80.6	79.1	74.6	72.3	70.5	75.2	+1.1	91.6	+6.6	79.8
1963	78.6	83.7	79.3	78.6	76.2	71.9	77.9	+3.6	84.9	+7.5	79.8
1964	80.7	86.1	78.4	79.9	77.0	74.1	79.3	+1.8	93.4	+10.2	84.7
1965	83.9	88.6	83.2	81.4	82.5	76.2	82.3	+3.8	91.2	+2.3	84.7
1966	84.4	87.7	83.8	80.7	83.4	82.1	83.7	+1.4	94.3	+3.9	86.9
1967	85.3	88.1	84.7	82.7	82.4	83.7	84.4	+0.8	99.3	+5.4	88.9
1968	87.5	90.5	85.7	85.3	82.3	82.3	89.5	+6.0	114.8	+14.9	96.8
1969	93.1	94.3	91.5	89.3	91.7	93.0	92.3	+2.0	109.0	+5.0	96.7
1970	100.0	100.0	100.0	100.0	100.0	100.0	100.0	+8.5	100.0	+8.3	100.0
1971	107.7	107.1	109.6	104.3	108.9	113.1	108.8	+8.6	109.0	+0.9	108.7
1972	111.1	114.5	118.3	114.5	110.4	119.0	114.5	+5.4	123.9	+12.7	117.2
1973	116.1	120.3	120.6	117.0	113.3	126.3	118.5	+3.5	136.8	+10.4	122.5
1974	137.8	138.2	140.7	131.9	132.0	145.1	137.7	+16.2	139.5	+5.3	135.7
1975	172.4	161.2	159.4	176.6	160.2	176.9	177.5	+28.9	154.9	+19.6	171.6

Note: The TV index takes account of discounts from rate cards, while the press index does not.

Market performance

IN THE last ten or 15 years the British economy has had a lot of ups and downs, but more downs than ups, with the result that in almost every respect it has finished the period weaker than it began. What is true of the economy in general is even more true of advertising. Total advertising as a proportion of the U.K.'s stagnant national product has fallen from 1.42 per cent. in 1960 to 1.26 per cent. in 1975. This fall of about a quarter in advertising's share of the GNP is matched by the decline in advertising jobs. Institute of Practitioners in Advertising (IPA) agencies employed 20,000 people in the mid-1960s, and at the last count that figure had fallen to about 13,000.

These basic figures are a first step to understanding the position of advertising, but they are no more than a first step. Advertising is a flexible tool and is used by different advertisers for widely different purposes. It would be a surprising coincidence if the fortunes of all the various types of advertising moved in the same way at the same time. In fact there are major differences in trends for various types of advertising, and it is only by a study of these trends, both in the short term over the trade cycle and in the long term as a reflection of economic tendencies, that advertising as a whole can be properly understood as part of the economic system. For the purposes of this article, there is only space to concentrate on the three sectors of advertising which over the past few years have played the most important role in the fortunes of advertising and the media dependent on it. These are manufacturers' consumer advertising (MCA), classified advertising, and retail advertising.

Most people outside the industry, and some in it, believe that all advertising approximately follows the same pattern. This is very far from the truth, but certainly no one would deny that advertisements from manufacturers trying to sell their products to consumers

play an important part in advertising, and are vital to certain media such as television and women's magazines. It reflects rather badly on the advertising industry that satisfactory statistics for this crucial area are available only from 1968, but since then we are able to chart the progress of that sector of advertising. In 1968 the MCA sector amounted to 0.65 per cent. of the national product and 47.5 per cent. of all advertising expenditure. By 1975 these figures had fallen to 0.42 per cent. and 40 per cent., respectively. In other words just as advertising has done worse than the economy as a whole, so MCA has done markedly worse than advertising as a whole.

There is no mystery as to why this should have been the case. Manufacturers' advertising, like any other input to the productive process, depends sooner or later on profits, and in an economy as badly starved of profits in the private sector as the U.K.'s has been, it is scarcely surprising that MCA, like investment, has been going through lean times.

For many media, particularly newspapers, classified advertising, at least until the last year or two, has been the silver lining to the MCA cloud. Between 1960 and 1974 classified almost doubled its share of total advertising expenditure, from 13 to 25 per cent., during which time it expanded five-fold in money terms. Naturally for a sector about 50 per cent. dependent on the highly volatile job advertising market, the upward movement was not regular, but instead rose and fell violently over the trade cycle. Nevertheless the dynamic upward movement was evident, and although it by no means made up for the relative decline in MCA, it certainly cushioned a number of media, particularly the regional Press, against this uncomfortable trend.

I have already pointed to the decline in profitability as a major factor affecting MCA, but in the late 1960s and early 1970s there was another cause for concern which many observers felt

might in the long run prove even more dangerous for the advertising industry. This was the major shift in power which occurred in the 1960s, particularly after the abolition of RPM, against the manufacturer and in favour of the big retailers.

Advertising economics is a complex business. Harold Lind of the Advertising Association explains how the market's performance has developed.

The former found themselves forced to pay an increasingly large part of their marketing budgets in direct deals with retailers to get distribution, thus leaving them, particularly in bad times such as 1970-71, with less to spend on media advertising. The situation was made worse from an advertising point of view by the apparently widespread belief among retailers that their locations and in-store promotions covered most of their marketing needs, so that advertising was something they could take or leave alone.

It is still not sufficiently realised just how important and beneficial it has been to advertising that retailers seem now to have almost completely reversed this attitude. Over the past four or five years retail advertising has proved the most dynamic sector of advertising, with the amount spent trebling between 1970 and 1975. Even in the deep recession of 1974-75, retail advertising was the only sector to maintain its previous growth.

Although there has been a relative decline of advertising over the past decade this has not been a steady movement. Advertising is a very cyclical activity, and the graph of advertising in real terms is not linear, but in statistical jargon, exemplified by random fluctuations around a declining trend. This means that from time to time

there have been upsurges in advertising expenditure, but in general each upswing has been a little lower than the last and each downswing a little deeper. In the last year another advertising upswing has got under way, beginning as is usual with television advertising, and then spreading through to Press display advertising. Although figures are not yet available to show this, there is little doubt that classified advertising will, just about now, be moving strongly ahead from its extremely depressed position of 1975.

Television was the first to increase, and because it had been the hardest hit a year earlier, the period with which comparisons are made, it has been the first to show apparently spectacular gains. This has of course given rise to the usual crop of stories about a new licence to print money, but this is still far from the truth. The real position can be appreciated only by going back to the best measure of real resources we have, advertising as a proportion of GNP. On the basis of the Young and Rubicam forecast for 1976, we find that TV advertising in the year of its great advance amounts to 0.30 per cent. of the national product.

On a comparable basis, the figure for 1969 was 0.34 per cent. Since 1969 was not even a particularly good year for television advertising, these facts do not square with the journalists' picture of television contractors desperately embarrassed by the overwhelming demand for their product. Press advertising always moves later than television, and much of the recovery here is expected to come at the end of this year and go on into 1977. But again, these increases, which in percentage terms often look spectacular, particularly to those who have not yet fully grasped the impact of inflation, are put in perspective by comparison with the GNP. The Y and R forecast suggests that total advertising, as defined by the Advertising Association definition, in 1976 will amount to 1.09 per cent. of the national product, as against 1.

66 Many of our regionally established clients, particularly in the travel, financial and industrial fields, felt the need for an intra-regional medium capable of high-frequency reach to such an influential audience. We had monthly journals, weekly newsmags, but no daily. The Journal is now becoming an automatic choice. It's informative, authoritative, and immediate. Editorially, there's ♦♦♦

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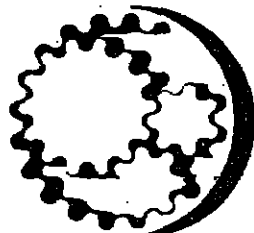
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Marketforce

ADVERTISING AND MARKETING II

Rules of conduct

FEELINGS ON the subject of advertising controls have calmed down considerably since the period immediately following the momentous 1974 Advertising Association Conference when both the Secretary of Prices and Consumer Protection and the Director General of Fair Trading made it clear that unless the industry took steps to put their own house in order, the Government would do it for them. Though certain types of advertising—most notably tobacco—may still be the subject of Government action, the threat of more general legislation seems to have receded for the time being.

The industry remains, however, very sensitive to criticism. The general feeling seems to be that it has already done all it could be reasonably asked to do and that any further demands by the Government would be merely pandering to the demands of the Left. Indeed some people in the industry go as far as saying that any further moves to control advertising would constitute a fundamental attack on the whole system of free enterprise and competition.

Questioned

The industry has indeed done much of what it was asked to do by Mrs. Shirley Williams when she was Secretary of Prices and Mr. John Methven when he was Director General of Fair Trading. Both told delegates to the 1974 AA conference that it was no good having a voluntary code of control unless its existence was known to the public at large.

They also questioned the extent to which the Code was enforced in fringe areas of advertising and expressed their doubts as to whether there was sufficient protection for the vulnerable groups in society, like the very young. They also wanted more pre-vetting of advertisements, particularly in special areas like tobacco and drink, and stressed the need to bring people from outside the industry on to the review bodies.

To coincide with the Conference, the industry had already published a revised version of

the existing voluntary code of conduct which consolidated all the changes that had been made since its inception in 1961. But in response to the requests of Mrs. Williams and Mr. Methven, the Advertising Association began to look for new ways of financing the Advertising Standards Authority which was set up as an independent body in 1962 to supervise the code. The result was a levy of 0.1 per cent on all advertising expenditure other than on television and radio or on classified advertising. (Television expenditure was excluded because TV and radio advertisements were separately controlled through the Independent Broadcasting Authority and neither Mrs. Williams nor Mr. Methven seemed to think that this system of control, which is based on pre-vetting of advertisements, needed the same strengthening that the rest of advertising required.)

The £350,000 raised by the levy in 1975 meant that the ASA was able to increase its staff and start advertising its existence to the public. The campaign, which was financed both by the levy and by contributions of free space from the media, asked the public to write to the ASA with any complaints they had about possible infringements of the Code. The result was that the number of complaints increased from an average of about 500 a year in 1974 to 1,086 in the 12 months to March of this year. Many of the queries received were outside the scope of the ASA but 56 per cent of those complaints investigated were upheld.

The ASA has also increased the number of non-industry representatives on the Council and now outsiders are in the majority. The industry has not, however, gone all the way to meeting the demands for increased outside representation. There are still no outsiders on the central executive and policy making organ of the advertising industry's system of self-regulation, the Code of Advertising Practice Committee. To many critics of the voluntary system of control this remains a weakness though the ASA

argues that putting outsiders on CAP would defeat the whole idea of self-regulation. The OFT could press this point in the future but for the moment there seems no immediate danger of changes being imposed on the general system of control by the Government, though the idea of a control body, financed by a tax on advertising, may raise it again in Labour Party documents before the next election.

Voluntary action to produce a new code of conduct for the industry has helped to delay threatened laws, says Elinor Goodman.

The threat of further action now seems to be isolated to certain specific areas. The ASA has now taken over responsibility for the code of conduct governing tobacco advertising and in March of this year a new, tougher code came into effect under which the ASA undertook to pre-vet tobacco advertisements. The changed rules went some way to answering the Government's criticism of tobacco advertising but Dr. Owen made it clear before he moved away from the Department of Health that he had some major reservations about the way it was working. And, with the Consumers' Association and the anti-smoking organisation, ASH, protesting vigorously that the controls are not yet working properly, it seems that further changes will be demanded before very long. In this situation, the appointment of a new Minister of Health as well as a new Secretary of Prices in the recent Ministerial changes, is particularly interesting.

Other legislative changes affecting advertising may also result from the OFT's consultative document on proposed amendments to the 1968 Trade Descriptions Act. Though the

document ruled out the need for any provision to be made to apply for an injunction to stop advertisements appearing on the sole proof that they were misleading, it did suggest a number of important changes to the law, particularly in relation to substantiation of claims. The review procedure now seems to have bogged down in a control body, financed by a tax on advertising, may raise it again in Labour Party documents before the next election.

In general, however, Mr. Gordon Brown, the new Director General of Fair Trading, seems to share his predecessor's views that voluntary self-regulation is the better approach to most of the problems posed by advertising than legislation. To some extent the Government's hands are tied by events taking place in Brussels. The British Government might well be inhibited from introducing wide-ranging new legislation in this country until the EEC has made up its mind what to do about advertising.

In November, a preliminary draft directive was published on the whole subject of misleading and unfair advertising. In some ways this would, if accepted, go no further than the British system of control. Like the Trade Descriptions Act, it would prohibit misleading advertising, but what worries the ASA is the vagueness with which the directive is worded.

It would also mean that member governments would have to adopt measures to provide civil and criminal remedies for persons injured by misleading or unfair advertising. At the same time, the right would be given to those injured—or to any other persons representing the State or a consumer or trade association—to initiate court proceedings against the advertiser in question. Inter-

ested parties would also be able to apply for an injunction to stop advertisements appearing on the sole proof that they were misleading. No new law would be needed to show the advertiser had deliberately set out to mislead the consumer.

Objecting

The British advertising industry has not been alone in objecting to this directive and it seems likely that it will be revised. While considerable effort is being put into lobbying in Brussels, it is generally seen as an immediate threat.

In the circumstances it is perhaps not surprising that the subject of advertising controls is no longer quite the live issue within the industry it was years ago. But, the critics are mainly dissatisfied with the present system as Elinor Goodman, of the Consumers' Association, made clear at the year's Advertising Association Conference. In her view, the advertising industry should itself be worried about the number of advertisements which could be considered misleading which still appear. Membership CA are not, she insists, against advertising as such but they want to see its standards improved. The solution, she says, is not more legislation but the creation of a small public body financed by Government, which would look after the public interest in advertising.

It is easy for those who do agree with Miss Goodman to criticise her for not understanding how advertising works and for taking an unduly pessimistic view of the average consumer's intelligence. Similarly, it is possible to poke fun at the mass of complaints which have been received each month by the ASA. But having spread the message of "legal, decent, honest and truthful," the ASA has got to live up to its promises. Just as standards have changed in the last 100 years, so they may have to again in the future if the advertising industry is to continue to move with the times.

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Source: MA1976

Direct mail

THE PAST two years have been a test for direct mail advertising and retail selling. High rates of inflation plus a doubling of postal rates have had a big impact on the industry. It has not come out unscathed, for there have been many redundancies and some failures.

It has been a test of the industry's management skills, too, for some of the more resilient companies have come out on top, even if in a smaller form, while others have flourished. The industry has emerged from its worst recession knowing that it has to try harder for sales and that clients are much fussier about the work that is done for them. The next few years are likely to be ones of concentration rather than fast growth, and during this phase there is still a great deal that can be done to improve the quality of service, particularly with regard to lists and creative work.

The experience over the past two years has made customers seek smaller mailings, especially in those cases where postal costs account for the bulk of the overall expense. Many people have been surprised that it is still possible to get better results from smaller mailings, by preparing the advertising better and using a fully up-to-date and specialised mailing list. In addition, there has been some price-cutting, with some clients getting very price-conscious at the expense of quality of service. According to one direct mail house, "Some clients have been getting three or four quotations for even a £50 job, and then choosing the cheapest." Another house stresses that one can no longer afford to waste mailings and that "clean" lists must be used, with names and addresses fully up to date.

Penetration

But there is not total gloom in the industry, because of the realisation that direct mail has still made a relatively small overall penetration in the market, leaving scope for large growth in future years—provided it can be done at an economic rate for the customer. Even the big houses have been moving into this area, seeking people who have never used the medium before, largely because of a lack of awareness of the benefits it can bring. In this regard, the Post Office's continued marketing of direct mail has been welcomed in the industry. But more people need to follow this example, and even bring fresh

research into the industry. The last time that any real effort was made at market research was way back in 1971, before the rise in inflation and postal rates brought the current problems.

The fieldwork was done in the middle of 1971 by the Direct Mail Analysis and Development Committee, comprising the Post Office, the Direct Mail Asso-

(which is obviously in its own benefit) are the production and dissemination of informative booklets on the subject, lectures, and talks to a wide audience, and the setting up of consultative divisions to help users get better results. This process is still carrying on and supplements the normal help given to users, which includes a wide range of service that has not

Direct mail has had a bad couple of years, having been badly affected by higher postal charges and high inflation. But, as Roy Levine points out, all is not gloom.

ciation and other major advertising organisations. Among its findings, were the main reasons for using direct mail. In order of preference, these were:

- 1 It provides personal and direct contact with the target group.
- 2 It is selective and can reach the right people.
- 3 It is cheaper than other media.
- 4 It is both quick in production and in results.
- 5 It is effective.

The study group found that the main reason for not using direct mail was ignorance. Most of these findings are still true today, with the main qualification being its cost effectiveness against competing media. (This is still a moot point in the industry, some arguing that after the doubling of postal prices, the price competitiveness has been lost. Not everyone agrees with this view.) The main conclusion of the survey was that direct mail was not regarded as being an integral part of the advertising mix and that some action was necessary to make people more aware of its advantages. For example, they argued that users should be made aware of the high percentage of mail which was actually opened and read by recipients. "Response and cost effectiveness therefore depends directly on: whether the content is of direct relevance to the recipient, whether the content is interesting and well presented, . . . is genuinely informative . . . is correctly addressed to a named individual." Although these conclusions speak for themselves, it is only really since the recession that both the industry and clients have taken the message to heart. Among the efforts being made by the Post Office to promote the wider use of direct mail

changed while basic postal rates have gone up and applies directly to users that send 4,250 or more identical pre-sorted letters or packets, on a graded scale. There is also the Free-post service which allows recipients to reply on their own stationery but without using a stamp. It is interesting that while the volume of mail that the Post Office handles has gone down (from 10.5bn. letters mailed in the last financial year), the volume of Business Reply correspondence has actually risen from 140m. to 180m.

The Post Office also provides a special gift wrapping service for direct mail users, to help make their advertising more appealing. Then there is the per cent by the end of the Post Office's Postcode Address year.

quite a difficult for the order retail selling organisations. For apart from the doubling of postal prices, they have had to battle with general inflation that has made selling through catalogues (normally valid for six month periods) quite hazardous. Mail order accounts for around 4 per cent of all retail sales, and it is estimated that around one-third of three people buys from a mail order catalogue, using a wide network of agents who are paid a commission on what they sell. During the recession, some of the mail order companies made efforts to reduce their dependence on the Post Office. Free home delivery service of items from 9.99p, for instance, has been experimented with a Home Delivery service of items from 14.99p. This does not break the Post Office monopoly, which is only on letters and even then it is a special gift wrapping service (own mail legally). Littlewoods, for direct mail users, to help make their advertising more appealing. Then there is the per cent by the end of the Post Office's Postcode Address year.

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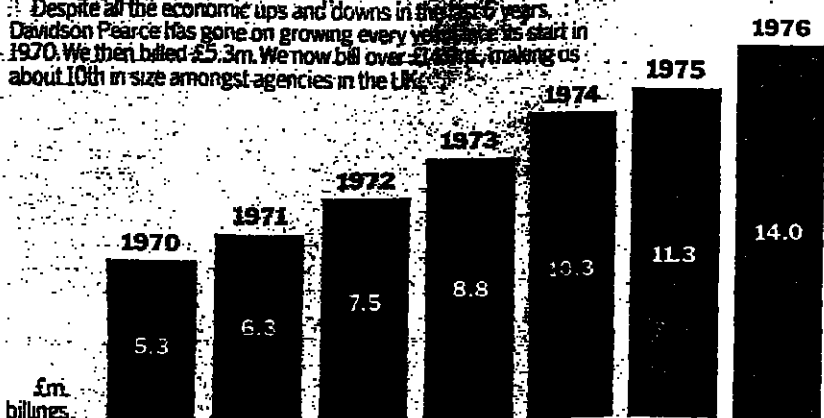
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Chimps. Sheep. In spite of the fame of these two campaigns we decided far too many people knew far too little about us.

Details of our billing, growth, client list, etc. are below. All the essential facts are there. It shows what our successes are but it doesn't say much about us as people, the standards we set for ourselves, or anything about our attitude to business. That's what we will now try to do.

Billings & Growth

Despite all the economic ups and downs in the last 10 years, Davidson Pearce has gone on growing every year since we started in 1970. We then billed £5.3m. We now bill over £14m, making us about 10th in size amongst agencies in the UK.



Inflation is not responsible for this growth. Half has come from existing clients in the form of new assignments and also from developing and launching new products with them. Some of these new products are:

- Hygena QA
- Hygena White Space
- Brooke Bond
- Brazilian Blend Coffees
- Batchelors Cup-a-Soap
- Batchelors Savoury Rice & Pasta
- Remington Hair Styler

Existing Clients who have awarded us additional assignments include: Lever Brothers, British Gas, Chesebrough-Pond's, Optrex, Colt International, Batchelors, Brooke Bond Oxo, Hygena. The other half of our growth has come from our appointment by new clients including Crown Decorative Products, D.E.R. International Wool Secretariat, Lansing Bagnall, Meat Promotion Executive (M.E.A.T.), Prudential Assurance, Sleepzeez Beds, Smedley HP, together with new product assignments from: Bredam Foods and Van den Berghs.

Client List

We work for:-

Client
Batchelors
Beechams (NPD)
British Gas
Brooke Bond Oxo
Central Office of Information
Chesebrough-Pond's
Colt International
Crown Decorative Products
Domestic Electric
Hawker Siddeley
Aviation
Hygena
International Wool Secretariat
Lansing Bagnall
Lever Brothers
Meat Promotion Executive (M.E.A.T.)
Optrex
VG Grocery Group
Paynes Confectionery
P&O Group
Prudential Assurance
Robinsons of Chesterfield
Sleepzeez
HP Smedley
Sperry Remington
Van den Berghs (NPD)
Wates
Youngs Seafoods

At present we have:-
12 clients billing between £100,000 and £250,000
3 clients billing between £250,000 and £500,000
4 clients billing between £500,000 and £1,000,000
6 clients billing over £1,000,000

Staffing & Organisation

We have 150 people in the agency. We believe in a better, more efficient organisation based on the principle of individual responsibility. This everyone is directly involved in producing, selling and supporting. Consequently, our work is more efficient, creative and more profitable. Our Product Groups account for our clients' business. These groups are responsible for every aspect of work from major campaigns to the smallest advertising job. It is a central point of agency policy that our creative and media people, not just our executives, should be in direct ongoing contact with our clients.

The Product Groups are supported by 38 specialists in our research, production, print, production and special projects units. And they are backed by the 25 running our financial and administrative services.

Davidson Pearce Berry & Spottiswoode Ltd.,
67 Brompton Road, London SW3 1EF.

We don't 'say' things for clients.

One of the central principles we hold at Davidson Pearce is that it is not an advertising agency's job merely to say something for an advertiser. It is to do something to a consumer: to challenge a long-held belief, confirm a choice, change an attitude, remove a prejudice.

This affects everything we do. It means we do truly believe advertising is about selling, not simply about conveying information.

We don't hold the view that selling is a bit smutty or infra dig. In fact, we have little or no time for those people who, whilst they live off the earnings of industry, business, manu-

facturers and salesmen, see themselves as having a superior place in society because they are not to do with anything as 'unworthy' as commerce.

So we do sell. But we don't do it within an 'agency style.' We distrust agency styles. We think each company, each product, each audience, each proposition is different. Each selling problem therefore demands that it be tackled fresh every time - not within some agency creative formula.

We do believe that the only effective way to develop advertising which will work is by agreeing a tightly argued strategy with our client. (Before we start creative work.)

We have a simple and highly practical method of developing advertising strategies which makes sure our advertising is both relevant and competitive.

Advertising is not a message between interested parties.

We do not think advertising is a message between someone who has something to say and someone who wishes to listen. In our experience this is rarely the case. Any ad or commercial has usually got to overcome a great many barriers before it can even start to work: the barriers of indifference, cynicism, distraction, confusion. This attitude substantially affects our approach to the creative work we produce. We believe 'creative' work should be creative, not just for the sake of it, but because if it isn't it either won't sell or it won't sell as effectively.

Creativity is not an 'extra.'

We do not think therefore that creativity is something you go in for some of the time, we believe it is something you cannot afford to do without. Ever.

At Davidson Pearce we see it as our responsibility to produce work of the type we've just described - not just on some accounts - but all accounts. Not just some of the time but all of the time. Size of billing is irrelevant to the argument.

To achieve this you cannot have a hiring policy based on first and second teams. We don't. It means that we cannot take on novices

who will learn their craft on our clients' business. It means that we expect a great deal of our creative, executive and media people. It means that we look for clients, and enjoy working with clients, who want to produce work that is exceptional rather than ordinary. Clients who encourage us in trying to find more compelling, original ways of selling their products.

This has always been the best way to set about producing advertising. It is very hard work, often very difficult, and always very rewarding. And we believe that today it is more relevant than ever before.

Today's problems: not new, just worse.

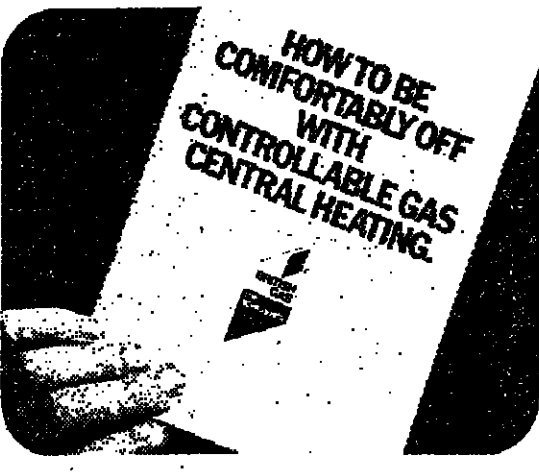
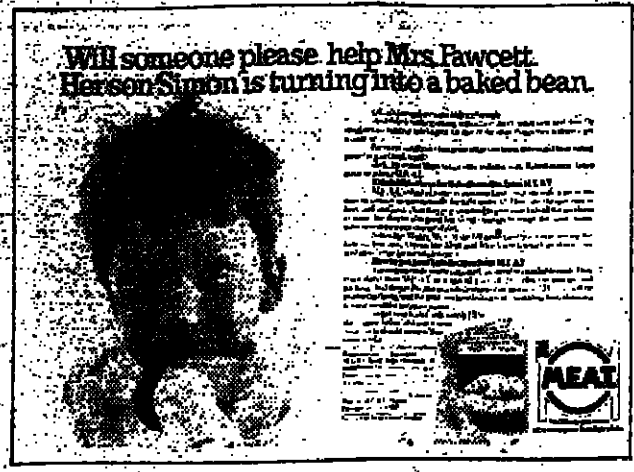
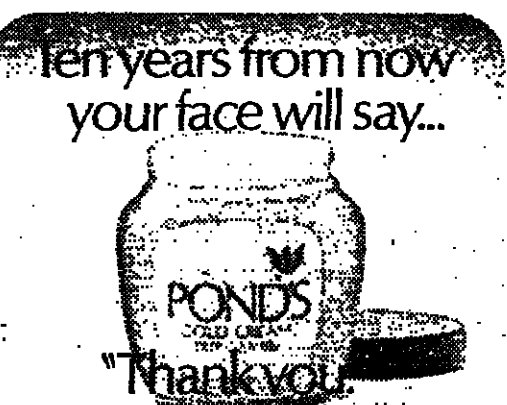
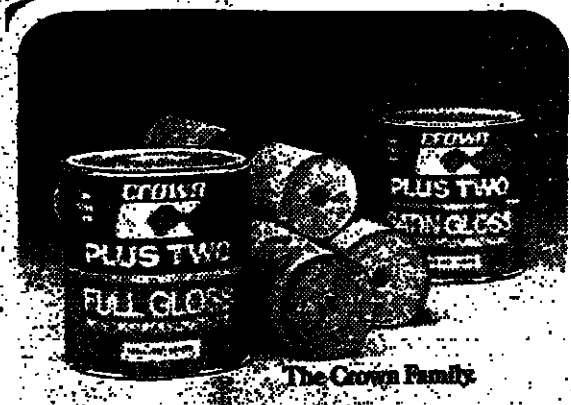
Along with all other costs, media costs are rocketing. And they won't come down. Most manufacturers' margins are getting smaller not bigger - and that situation isn't going to change overnight.

The need to sell more to make up these profit deficiencies is greater, and yet the advertising pound is buying less each year. Significantly less. This situation is not new. It's just worse than it has ever been. It has been in this climate that we have grown. Indeed it's partly because of an ability to make our existing clients' money work harder, that 50% of our growth in the last five years has come from new assignments from these clients.

Advertising today is going to have to sell harder than ever before. And that does not mean retreating in a mindless way to catch phrases about 'hard sell.' It means harnessing creativity to marketing and advertising more efficiently.

We've been doing it for some time. That's really what we're about. And we like what we're doing. We like business. We like the people we work with. We look forward to a time when the economy really picks up - but in the meantime we reckon there are real rewards to be gained by those companies and those agencies who know their job better and are prepared to work a bit harder than the others.

If you would like to know more about the way we work, as well as the way we think, contact either Christopher Hawes or Norman Berry. 01-589 4595.



ADVERTISING AND MARKETING IV

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Magazines

THE NUMBER of magazines published in Britain is over twice the number of words in this article—an indication of the breadth and rich variety of this sector of the communications field. And while it is traditionally discussed as a single sector, it comprises a number of distinct groups, each moderated by its own distinct set of market factors, though naturally the general economic climate, and in particular the agonies of the past two years, are common to all of them.

The primary distinction is between consumer publications on the one hand and trade and technical publications on the other. In both groups the economic recession and inflation have together had a thoroughly depressing effect on circulations, though in the consumer category inflation has been the main agent, and in this same category there are now distinct signs of recovery. With advertising, while revenues have not kept pace with inflation (and thus have declined in real terms, as have all other media categories, at least over the past two years) their shares of total Press advertising expenditure have remained surprisingly stable, being around 14 per cent. in each case.

This is surprising because the two most buoyant categories of Press advertising do not offer much opportunity to magazines. Retail advertising, which doubled in value between 1972 and 1975 (when advertising as a whole increased by only one-third) and which has enormously helped the newspaper Press and has now split over into

Magazines cover a wide spectrum—from consumer to technical. As Harry Henry explains here, they have done better than expected in the recession.

television, does not regard magazines as very practical for its time-constrained purposes, while classified advertising, for many years the main growth area of advertising, has for the same general reason not developed in the consumer magazine Press, though it has grown reasonably satisfactorily in the trade and technical sector. Against these handicaps the performance of magazines is

modestly creditable.

The overall category of consumer magazines logically breaks down into the fields of general interest, women's interest and special interest (which does not imply that there is nothing special about women—simply that there are a lot of them). The heyday of such general-interest magazines as Picture Post was during the immediate post-war years, and reflected merely the shortage of newsprint: except in these special circumstances Britain has had nothing like the dominance in the U.S. of Life, Look and the Saturday Evening Post (whose arrogance is now only a memory), while the many attempts to operate news magazines like Time and Newsweek invariably proved abortive because in Britain this function has for decades been performed by the quality Sunday newspapers.

Parents

Indeed, almost the major role in the general-interest magazine field is to-day played by newspapers, with their three week-end colour magazines and their combined circulation of 34m. (though this figure has just been reduced by about 500,000 because of the switch of the Telegraph magazine from Friday to Sunday). These are particularly interesting because, while to an overwhelming extent their acquisition by the reader is involuntary and a by-product of the purchase of a newspaper acquired in its own right, they are read much as they would be had they been bought deliberately. Their circulation patterns, therefore, reflect the circulations of their quality newspaper parents, and have consequently been much more stable than those of magazines in general. On the advertising side, however, the picture is less satisfactory: though for by the five leading mass-gloomy observations published at the beginning of this year about their profitability were indignantly disputed by two of them (though not by the third), and their advertising volumes and 1985 to 3m, now, took place some time ago; and while there has been further slippage during the past couple of years, still not thought it expedient to raise their advertising rates to among all five weeklies, this too match cost-inflation. The Telegraph has used the switch to raise its cost-per-thousand by 25 per cent. or so, but even with this the economics look doubtful. In consequence of their underpricing, of course, the colour magazines are excellent advertising buys, but media planners are rarely as grateful as they should be.

The dominant publications in this field are theoretically not general-interest at all, being the two programme magazines, Radio Times and TV Times. But in advertising terms they are very much general-interest, and between them pick up almost a fifth of all advertising in the consumer magazine sector. Their future, like so many other futures, depends to some extent upon what Annan has to say (though a shot-gun marriage would seem improbable), with a third of a million circulation of that glorious past when their Digest were drawn in comparing this with the feverish recent history of the fashion and fashion-74m. in 1969 down to 64m. in 1971, up to 8m. in 1973 and the consistent decline among the down again to 64m. at the end of 1975: like the field in general, they have shown signs of an upturn this year. The odd thing about this pair is that while the gap between them (the Radio Times always being ahead, though now by less than it used to be) varies slightly from year to year, their substantial rises and falls are very much in parallel. If either of them really understands why this happens, it has not been revealed to the world.

Apart from Reader's Digest, very much a case to itself, and the equally idiosyncratic D. C. Thomson publications, this leaves only three major publications in the general-interest group—Weekend, Revue and Titbits. Their combined circulation would be much lower, the

tion of 1.8m. is 25 per cent. down on two years ago (though, once again, the decline seems to have stopped) but their main problem is that advertising agencies find it difficult to determine their role in the advertising mix.

The general interest magazines so far mentioned have a combined circulation of around 15m., the women's-interest magazines as a whole add up to more than 10m. The advertising side, however, the picture is less satisfactory: though for by the five leading mass-circulation weeklies and the five leading service monthlies. The major part of the decline in the combined circulation of Woman and Woman's Own, from 5m. in 1985 to 3m, now, took place some time ago; and while there has been further slippage during the past couple of years, still not thought it expedient to raise their advertising rates to among all five weeklies, this too match cost-inflation. The Telegraph has used the switch to raise its cost-per-thousand by 25 per cent. or so, but even with this the economics look doubtful. In consequence of their underpricing, of course, the colour magazines are excellent advertising buys, but media planners are rarely as grateful as they should be.

The most consistently buoyant of women's publications have been the "service" magazines, for though there have been launches and closures, and circulation rises and falls, the category as a whole has remained remarkably stable even over the past two years—a stability contributed to in some measure by the sudden arrival, with a third of a million circulation, of Home and Freecer of that glorious past when their Digest were drawn in comparing this with the feverish recent history of the fashion and fashion-74m. in 1969 down to 64m. in 1971, up to 8m. in 1973 and the consistent decline among the down again to 64m. at the end of 1975: like the field in general, they have shown signs of an upturn this year. The odd thing about this pair is that while the gap between them (the Radio Times always being ahead, though now by less than it used to be) varies slightly from year to year, their substantial rises and falls are very much in parallel. If either of them really understands why this happens, it has not been revealed to the world.

Bills

The fantastic diversity of magazines in the field of special interest—hobbies, sports, the arts, politics, sexual aberration and the rest—presents too complex a picture for generalisation. But one factor which affects magazine circulations across their whole field, and makes them particularly sensitive to the equally idiosyncratic D. C. Thomson publications, this leaves only three major publications in the general-interest group—Weekend, Revue and Titbits. Their combined circulation would be much lower, the

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The overseas Press

ORDING TO the States could this lead to government interference with editorial content? Will Press advertising account, advertisers be "forced" to take space in certain publications to gain political favour?

Commercial television in continental Europe is almost certainly heavily restricted because of a long history of people in the "mass" sphere. This is generally due to a realisation that television is a real communication, not a mere advertisement. It is not unexpected, therefore, that in the past few years, advertising expenditure on television has risen sharply.

There is plenty of scope for export advertising, but as Michael Hook says, the Press is the most suitable medium.

Looking at the Press in the U.K. alone, it is not hard to see why it is not measured by any other means. The British press, for instance, is estimated to be worth £1,000,000,000 a year. Denmark, only one of the countries covered by the survey, has a press worth £1,000,000,000 a year.

The effectiveness of Press media in Europe varies considerably from country to country. Influences such as religion, language and politics can have an effect on circulation. The Dutch market was dominated until recently by one woman's weekly, Margriet, reaching 42 per cent of all women in the country. Just over a year ago, the Dutch government launched a new magazine, Story, which has already overtaken Margriet.

in circulation. Similarly Hör Zu in Germany with readership in the region of 13m., reaches 30 per cent of all adults. In the U.K. the News of the World reaches 39 per cent of all adults while the Daily Mirror reaches 33 per cent. These are the real giants.

Conversely the Swiss market poses the problems of distribution that you would expect in a country dominated by the Alps. No one publication can give a truly national coverage, and it is usually necessary to use newspapers in each of the six major towns to even begin to achieve reasonable coverage. And there is the added problem of a country that is trilingual.

Even in France only the main magazines are anything like national in character. The two newspapers, Le Figaro and Le Monde both have more than two-thirds of their circulation in the Paris area—an area which only accounts for one-fifth of the population. To cover Lyon, Marseille or Bordeaux in any great strength the advertiser must include the major regional dailies published in those areas, although next year the new management of Le Figaro is planning local printing facilities.

Belgium poses the problems of a bilingual nation while Holland produces publications aimed at religious groupings. Norway, which is pivoted round Oslo would reach to southern Italy, also poses problems of distribution and has strong regional newspapers.

As one increases one's knowledge of the world's Press, one begins to discover extra items of information, such as the fact that Le Monde in France has a policy which forbids it to use photographs within editorial. Pick up a copy of Le Monde, the only photographs you see are in the advertisements. Portugal sells space by line measurement, not the 14 gate lines common in the U.S. but based on a Didot typeface which allows 13 lines to the inch. And there are still isolated outposts in the world selling space by the single column inch, although in Europe the millimetre stands supreme. When the U.K. went metric it lost a great chance to follow suit, but adopted a centimetre measurement instead. In fact the European newspaper scene has become even more complicated with Italy just changing to a module system, 108 modules to a page, each module being 45 mm x 1 col. Denmark, and to a lesser extent, Sweden, have recently adopted a standard size format based on the 520 mm column and dividing down by fixed amounts 365, 250, 200 to a small unit of 25 mm x 1 col.

STRUCTURE OF THE PRESS IN 31 COUNTRIES

Country	Number of Publications	Percentage Expenditure in Press (1974)
Argentina	250	400
Australia	606	882
Austria	130	74
Belgium	65	74
Brazil	1,204	50
Canada	1,108	280
Colombia	32	10
Denmark	50	26
Finland	232	39
France	162	1,391
Greece	15	8
Holland	90	46
Hong Kong	46	30
India	793	8,342
Indonesia	87	50
Italy	111	119
Kenya	6	3
Malaysia	32	43
Mexico	150	200
Nigeria	28	30
Norway	152	20
Singapore	10	12
South Africa	175	344
Spain	117	32
Sweden	150	50
Switzerland	296	170
Thailand	18	25
Venezuela	80	35
West Germany	404	1,670
U.S.	1,700	350
(dailies)	1,304	1,141
U.K.	1,304	1,141

Source: National Statistics/Ogilvy Mather estimate.
* Only 400 used regularly.

specialist representative companies and it adds up to a wealth of experience without parallel. Combining the talents of senior people from publishers and representatives, advertising agencies and advertisers all involved in export advertising is IAA (International Advertising Association), of which the U.K. Chapter is one of the most active. A senior body of representatives forms OPMA (Overseas Press and Media Association), which originally started life as LABENO (London Association of British Empire Newspapers Overseas).

Promotion

The IPA (Institute of Practitioners in Advertising) and AA (Advertising Association) both play their part in promoting the international aspect, while maintaining a watchful eye on the advertising scene in the U.K. There are many other associations, but these are the most active in the overseas media sphere.

Then there are the international advertising agencies, some of whom employ specialists in overseas media, plus the international media buying consultancies which are practically unique to London.

One group of media which are a vital part of the overseas media mix are the international or multinationals which give national coverage over a multitude of countries. Never the coverage you would expect of a national publication but a smaller and more specialised coverage, generally in the area of opinion forming, that is to say businessmen, Government officials or specific socio-economic groups.

Included in this group of publications are such well known names as Time, Newsweek, International Management, Vision, Business Week, Fortune, National Geographic Magazine, Playboy, The Economist, International Herald Tribune, and some not quite so well known such as To The Point International, Scientific American and in-flight magazines such as High Life (British Airways), Holland Herald (KLM), Scanorama (SAS). Outside Europe many of these publications have editions for particular areas. There are also other publications specialising in these markets such as Insight, Far Eastern Economic Review, Middle East, Africa and on September 1 the Asia Wall Street Journal was launched amidst a fanfare of trumpets and publicity.

Until four years ago the measurement of performance of media plans containing local and multinational media in Europe was not possible, but the publication of various pan-European media surveys has changed all that dramatically.

The three most recent and widely used surveys are Euro-style 1975, a jointly sponsored effort by Time, Newsweek, The Economist and International Herald Tribune; EBR 1975 produced by the Financial Times; and the recently published Landell Mills 1976, an independent survey up-dating the Conrad Jameson, study of 1973. No one is saying that any of these readership surveys is perfect, but they do act as a reasonable guide and can indicate by computerised data the performance of various media plans using combinations of local and European publications. What these surveys do indicate is that the performance of any media plan against a target of European or Common

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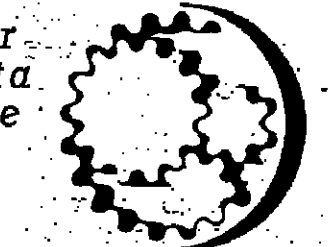
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Source: M.A. 1976

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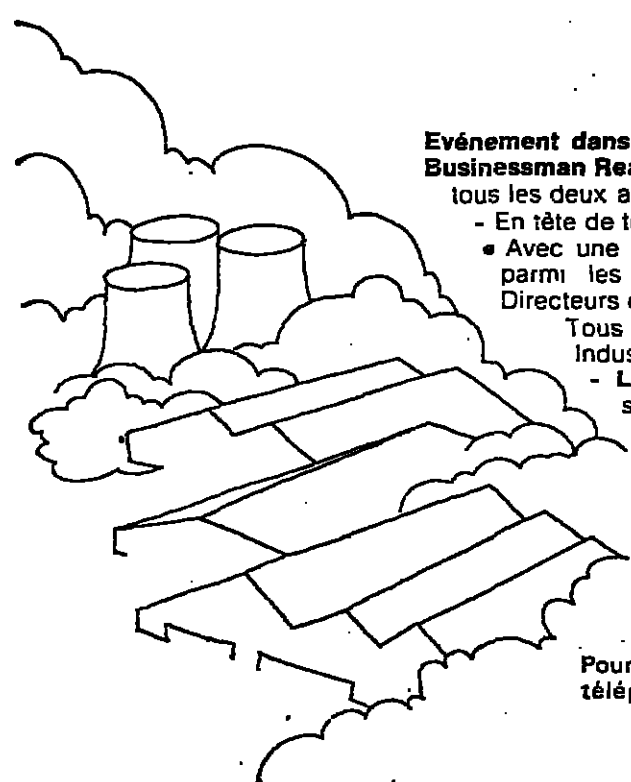
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Le premier des quotidiens et hebdomadaires lus par les décideurs.

ADVERTISING AND MARKETING VI

The national Press

IT IS one of the myths of with strong management "doomed" papers can be made to flourish.

There is however, another side to the coin. More than half the national newspapers are losing money, and there will probably be some loss makers even when the economy recovers fully. The popular Sundays have been suffering heavy circulation losses for some years. The Express group papers continue to lose sales year after year, though the Sunday Express remains highly profitable. The Observer, the one paper out of the 15 national mornings and Sundays not to have substantial backing, is in a worryingly exposed position.

But over the years the national newspapers have shown astonishing resilience. In recent years the Sun has been relaunched with spectacular success. The Daily Mail, which was not given a chance by any commentators, has turned the corner, has stopped losing circulation at a time when advertising revenue is wide-spread, is increasing its advertising revenue in real terms, and is described by Bruce Olley, Advertising Director, to be "moving into a profit situation."

The Sunday Telegraph continues to make steady progress in its advertising market, keeping its circulation reasonably intact. It has been unfortunate in having stoppages at the crucial time of the introduction of the colour magazine, but these may do little long term harm.

The Sunday People, relaunched as a tabloid at the end of 1974, has improved its position relative to the other popular Sundays. In circulation it has drawn level with its stablemate, the Sunday Mirror, and it has succeeded in increasing its advertisement rate by 56 per cent, since January of last year.

The Evening News, another successful conversion to tabloid, is launching a regional edition in West and North West London, putting it in direct competition with local weeklies for small-business retail and classified advertising. And the Daily Express has saved money by cutting out Glasgow printing while keeping 85 per cent of its Scottish sale.

What is more, advertising directors are reporting healthy prospects for the remainder of the year and for 1977. In real terms the increases are not going to bring the newspapers back to the heady days of 1973, but they will represent a substantial improvement on the 1975-76 trough—a trough from which the industry is only now beginning to emerge.

These examples illustrate that

Increases

One reason for the present relative comfort is the scale of advertisement rate increases which most papers have imposed since the beginning of last year. The range is astonishing: the Sun and Sunday People are up 56 per cent, while the Daily Mail and the Times are up 17 per cent.

It would be going too far to say that newspapers have benefited from inflation, but inflation has had a salutary effect and forced managements to face up to the necessity of making large and frequent increases in both rates and cover prices. But the rate increases must be seen in the context of continuing cost increases, with the decline in the value of the pound adding further increases to newspaper bills.

Moreover the table must be interpreted with care because a certain amount of rate cutting goes on. But since no paper ever admits to cutting rates it is difficult to know for certain whether rates are getting harder or softer.

Newspapers (and other organisations too) increase rates for two main reasons—because the market will bear it, or because the pressure of cost increases becomes unbearable. The

MEDIAN AGE OF READERS

	1968	1970	1971	1972	1973	1974	1975
Guardian	34.8	36.2	37.2	39.3	40.1	41.2	41.2
Sun	34.8	36.2	37.2	39.3	40.1	41.2	41.2
Times	34.8	36.2	37.2	39.3	40.1	41.2	41.2
Financial Times	34.8	36.2	37.2	39.3	40.1	41.2	41.2
Daily Mirror	34.8	36.2	37.2	39.3	40.1	41.2	41.2
Daily Telegraph	34.8	36.2	37.2	39.3	40.1	41.2	41.2
Daily Mail	34.8	36.2	37.2	39.3	40.1	41.2	41.2
Sunday Express	34.8	36.2	37.2	39.3	40.1	41.2	41.2
Sunday Times	34.8	36.2	37.2	39.3	40.1	41.2	41.2
Observer	34.8	36.2	37.2	39.3	40.1	41.2	41.2
News of the World	34.8	36.2	37.2	39.3	40.1	41.2	41.2
Sunday People	34.8	36.2	37.2	39.3	40.1	41.2	41.2
Sunday Telegraph	34.8	36.2	37.2	39.3	40.1	41.2	41.2
Sunday Express	34.8	36.2	37.2	39.3	40.1	41.2	41.2

Source: JICNARS
July, 1975—June, 1976.

NEWSPAPER ADVERTISING MARKETS

	Well up	Up	Steady	Down	Well down
Retail					
Financial					
Food					
Cigarettes					
Drink					
Travel and holidays					
Corporate					
Medical					
Electrical					
Cars					
Up in early part of year					
Mail Order					
Industrial					
Recruitment					
Government					

NEWSPAPER* CLASSIFIED ADVERTISING BY TYPE

Type	1970	1971	1972	1973	1974	1975
Recruitment	46	37	50	105	102	79
Property	19	17	24	27	30	34
Automotive	13	17	24	25	28	31
Other	28	34	35	27	38	44
	106	105	133	184	198	184

* Based on national dailies and Sundays, regional dailies, evenings and Sundays and on week newspapers, but excluding free sheets.
Source: Advertising Expenditure 1960-75.

size of the rate increases reflects several things: the relative strength of each title; marketing strategy (Mirror Group Newspapers decided that the Sunday People's advertisement rate was underpriced and must be increased); the history of rate increases before the base period (among others, the Sunday Express increased its rate by about 30 per cent in June, 1974. The Times made an increase in January, 1975). The Prices Board has had an effect on rate increases: the Sun and News of the World remain the cheapest papers because their level of profitability precludes them from being allowed further rate increases at present. The fortunes of the Observer have also been adversely affected by Prices Board decisions.

Looking at the sectors of the newspapers' advertising markets, the biggest increases have been in retailer advertising. This is a delayed action effect of the increasing muscle power that the large retailers have enjoyed at the expense of manufacturers since the early 1970s. The increase in retail advertising is expected to continue, though it may be at the expense of the advertising of branded goods.

At the moment, however, the newspapers' advertising revenues from food, drink, cigarettes and medicines are up. In the case of food and beer this has a lot to do with Mirror Group Newspapers' marketing strategy, which has been to attack the "automatic" decision to put all such advertising into television. The method has been to sell the C2D market, tabloid newspapers, Press, against television, and mixed media schedules against TV-only schedules; and to concentrate the sales drive on advertisers with budgets below £250,000.

Part of the MGN strategy is to sell the creative benefits of the Press, and they feel that the present economic climate is right for this. Consumers are said to be looking for factual information and for value for money, not for the fantasy and escapism which are so well communicated by television. This argument is being applied to foreign travel and holiday advertising and the popular Press is benefiting accordingly.

At the other extreme, the squeeze on public expenditure has hit Government advertising, though there continue to be unexpected gains like the drought campaign. Public sector appointments are down, and, with high unemployment, private sector appointments are little better. Though managerial appointments are beginning to edge up compared with a year ago, as reported by the Daily Telegraph and Sunday Times.

NEWSPAPER ADVERTISING BY CATEGORY OF NEWSPAPER 1968/75

	National newspapers Dailies	Sundays	Regional newspapers Dailies	Weeklies	Free sheets Newspaper format	Magazine format
1968	64	35	78	42	1	—
1969	73	38	85	48	2	—
1970	71	37	90	51	2	—
1971	70	38	94	55	3	—
1972	86	44	119	64	5	1
1973	108	53	161	83	13	2
1974	107	53	171	86	17	3
1975	108	54	175	89	18	1

* These estimates are based on a sample survey of free sheets.
Source: Advertising Expenditure 1960-75.

CLASSIFIED ADVERTISING EXPENDITURE BY MEDIA

Media	1960	1964	1968	1972	1973	1974	1975	Percentage of Total	1960	1964	1968	1972	1973	1974	1975
National newspapers	3	15	22	29	41	42	38	19	23	22	19	19	19	19	19
Regional newspapers	4	47	68	106	154	169	160	79	74	69	71	73	74	74	74
Magazines and periodicals	1	2	4	5	7	7	7	2	3	4	3	3	3	3	3
Directories (inc. Yellow Pages)	—	—	4	10	11	10	13	0	0	4	7	5	4	4	4
TOTAL	43	64	98	150	213	228	218	100	100	100	100	100	100	100	100

Source: Advertising Expenditure 1960-75.

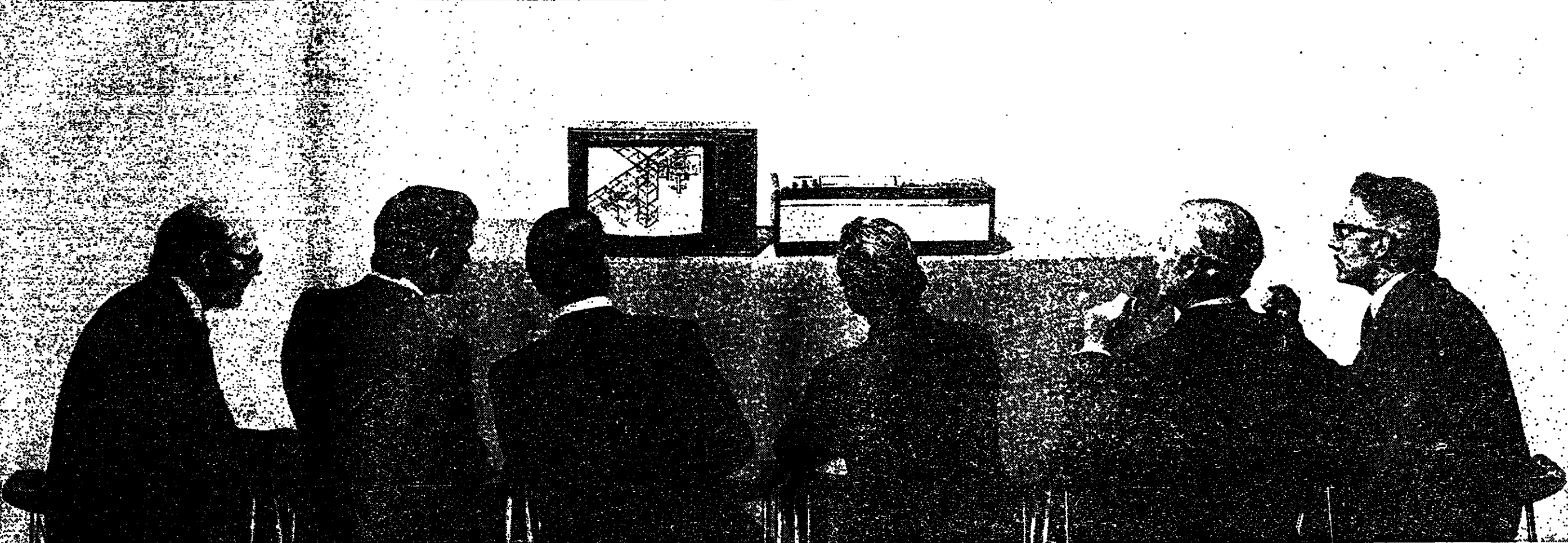
PRESS DISPLAY ADVERTISING EXPENDITURE BY MEDIA

Media	1960	1964	1968	1972	1973	1974	1975	Percentage of Total	1960	1964	1968	1972	1973	1974	1975
National newspapers	52	66	68	85	104	106	111	35	37	35	32	32	32	32	32
Regional newspapers	42	50	52	81	101	104	121	28	28	27	30	31	32	32	32
Magazines and periodicals	39	44	46	55	65	64	72	25	24	24	20	20	19	19	19
Directories (inc. Yellow Pages)	2	3	4	5	6	6	7	1	2	2	2	2	2	2	2
Production costs*	15	18	23	44	46	48	49	10	10	12	16	15	15	15	15
TOTAL	151	181	193	270	322	328	360	100	100	100	100	100	100	100	100

* Including an element of trade and technical journals.
Source: Advertising Expenditure 1960-75.

مكتبة الامم المتحدة

مكثامين العمل



The difference between the top picture and the bottom picture could be only a few hundred pounds.

"So now gentlemen, if you're all ready, we will give you our recorded presentation of next year's plans."

Click. Whirrrrrrrr-bzzzzz. Click. Bzzzzz. Click. Bzzzzz. Click. Click.

"Er, sorry gentlemen. A slight technical fault."

Click. Bzzzzzzzz. Click.

"The engineer won't keep us long, gentlemen."

If you have an unreliable videocassette machine, the above situation will be quite familiar.

It's embarrassing for you, for your company and your company's clients.

Which is why we'd like to tell you about the Sony U-Matic videocassette machine.

One word describes the main advantage the U-Matic has over similar machines.

Trustworthiness.

The U-Matic has an incredible reliability record. And so it should have. It's well-built, well-designed, by people who know all there is to know about

videocassettes.

(Sony invented the U-matic system, which has been adopted by other manufacturers throughout the world.)

It's so reliable, that one shipping company we know has just replaced a whole shipload of other machines, used for showing programmes to the crew, with a fleet of Sony U-Matics.

Of course, this kind of reliability isn't cheap. The U-Matic costs two or three hundred pounds more than some other machines.

But consider what you get.

The U-Matic videocassette machine available in Britain switches instantly to play back the American colour system (when used with a special Trinitron monitor). It also has a Memory and Repeat control, allowing you to repeat the tape ad infinitum.

The U-Matic is the only one with a totally enclosed tape which keeps it free from grease and dirt.

The tape, record, and play-back heads have a life expectancy of up to double

that of competitive machines.

And astonishingly, our cassettes are considerably cheaper to buy. A few hundred cassettes will save you over a thousand pounds.

When you think about these advantages, the extra you pay for a Sony U-Matic starts to look like a real investment.

Especially when the other benefit you get just can't have a price put on it.

The comforting thought that you can go into a big presentation with the U-Matic and come out again without a red face.

SONY.

To: Sony (UK) Ltd., Commercial and Industrial Division, Pyrene House, Sunbury Cross, Sunbury-on-Thames. Telephone: Sunbury 89581.

Please tell me more about the U-Matic.

Name _____

Company _____

Address _____

SOME QUESTIONS AND ANSWERS ABOUT REACHING THE LIGHT ITV VIEWER

Q: Is there really such an animal as the Light ITV Viewer?

A: Over 40% of the UK population only see about 2½ commercial breaks a day; that is, every week, almost the same 40% watch ITV on average for one hour or less per day.*

Q: Is it important to reach them?

A: Yes. The Target Group Index indicates that these people represent an above-average profile of users and heavy users of a large number of product groups analysed by them. This means that the likelihood is that, if anything, they do more than their fair share of buying the wide range of goods and services measured by TGI†

Q: Can't you reach them by selective buying of television time?

A: It's very unlikely, because light ITV viewers are always a tiny proportion of the total audience, and this imbalance between them and heavy ITV viewers is constant through all time segments.

In any case, it's virtually impossible to obtain anything other than very low ratings for light ITV viewers, however selective one is.

Q: How can you reach them?

A: The Press provides a means of complementing an ITV schedule and achieving both much greater coverage of light ITV viewers and a better balance between heavy and light ITV viewers than that achieved by TV alone.

Q: Which Press media do this?

A: Most newspapers and magazines will do something in this direction, but quality newspapers and magazines will make the most significant contribution towards correcting the imbalance between heavy and light ITV viewers. The following list shows the extent to which readers of national publications are lighter viewers of ITV.

PERCENTAGE OF READERSHIP WHO ARE
LIGHT-MEDIUM, LIGHT AND NON-ITV VIEWERS

NEWSPAPERS			
The Times	71.8%	Daily Mail	49.6%
The Guardian	70.3%	Daily Express	44.7%
Daily Telegraph	68.6%	Daily Mirror	33.5%
The Observer	67.8%	Sunday People	32.3%
The Sunday Times	67.4%	The Sun	32.2%
Sunday Telegraph	64.0%	Sunday Mirror	31.1%
Financial Times	61.9%	News of the World	31.0%
Sunday Express	50.1%		
MAGAZINES			
The Sunday Times Magazine	65.1%	Reader's Digest	45.2%
The Observer Magazine	65.0%	Ti-Bits	33.0%
Radio Times	46.2%	TV Times	32.4%
		Weekend	31.7%

Source: Expanded TGI 1974/5.

Q: All the quality publications have a high proportion of lighter ITV viewers, but which ones provide the most effective cover?

A: There's quite a difference in the coverage provided, and it's also certainly true that the larger circulation quality newspapers and magazines are much more cost-effective in reaching these lighter ITV viewers, as the table shows:

COVERAGE AND COST PER THOUSAND
OF LIGHT-MEDIUM, LIGHT AND NON-ITV VIEWERS

QUALITY PUBLICATIONS				
NEWSPAPERS	Sec. rate	'000	%	C.P.T. per sec.
THE SUNDAY TIMES	£22.00	2768	15.8	0.79p
Daily Telegraph	£17.00	2449	14.0	0.69p
The Observer	£12.00	1844	10.6	0.65p
Sunday Telegraph	£10.50	1373	7.9	0.76p
The Times	£10.50	785	4.5	1.34p
The Guardian	£ 9.50	755	4.3	1.26p
Financial Times	£11.00	489	2.8	2.25p
MAGAZINES				
THE SUNDAY TIMES MAGAZINE	Colour page rate	2995	17.1	£1.67
The Observer Magazine	£4995	2223	12.7	£1.33

Q: Is this an advertisement for The Sunday Times?

A: Yes.

If you would like to see our presentation entitled "Measuring the Effectiveness of Mixed Media Schedules," or if you'd like to use Expanded TGI to help you resolve some of the pros and cons of mixed media scheduling, contact your sales executive or Jeff Marks.

THE SUNDAY TIMES

The Sunday Times, New Printing House Square, Gray's Inn Road, London WC1N 3EZ, (tel 01-837 1234).

ADVERTISING AND MARKETING VIII

Commercial TV

WHEN THE British commercial television industry sat down to its banquet at the Guildhall last week to celebrate 21 years of existence there was just the mildest hint of smugness about the occasion, and not without some justification. After its faltering start ITV has grown up in the most spectacular way. Even Home Secretary Mr. Merlyn Rees had to admit that he had been wrong to oppose the introduction of an advertisement backed service, and that the new television baby had proved to be a healthy and worthy member of the broadcasting family. He did have a few critical things to say about violence and industrial reporting, of course, but overall his words were complimentary.

ITV is currently experiencing one of its economic "ups," with advertising revenue having been flowing fast. Audiences may have left a little to be desired during the summer months but, all in all, things could be a great deal worse. The only clouds on the horizon are formed by concern about the Amman report on the future of broadcasting, and a suspicion that some of the puff may be going out of the advertising boom.

The advertising boom that affected much of the market for the greater part of this year was remarkable—and as yet unexplained. There are a couple of things which ought to be said about the boom immediately. The first is that it was a revenue boom and not necessarily a quantitative increase in television advertising; and the second is that at constant prices revenue has still not recovered to the levels of the golden days in the late sixties and in 1972 and 1973.

Nonetheless the rise in revenue was a very pleasant occurrence, particularly for these companies in the south and

conurbations which seemed to benefit most from it. It put a little bit of fat back onto the corporate bones, and helped the companies to think a little harder about programme investment for the future.

The 1974 slump in revenue really showed last winter and this summer as far as programmes were concerned, although the companies would probably protest that this was not true. They would attribute the decline in audiences in some of the summer months to

is based on two assumptions. The first is that ITV is generally convinced that the fourth channel will not be given to the commercial companies, nor will it go to any organisation which is likely to be competitive in audience terms. A minority channel of some sort would seem the most likely bet, and although this has intriguing cultural implications it is unlikely to disturb the financial equilibrium—unless, of course, ITV is asked to finance the new exercise.

Independent television is enjoying a highly successful year in financial terms. This new prosperity is not without its problems. Audience figures have caused concern, and advertisers are not entirely happy.

On this page and opposite, Arthur Sandles reviews the scene.

the superb summer and to increased competition from the BBC. However, there is a measure of evidence to support the view that a thin wallet makes for a cautious programme policy. Now at least the companies can see a little money in the bank and are starting to be much more ambitious in their thinking.

Fascinated

As far as Amman is concerned the programme companies are what he has to say than concerned about it.

This may seem an insulting thing to say of a committee which has worked long and hard to produce findings which are likely to be given a first formal public airing next summer. It

The second, and possibly more important reason why ITV feels that it has little to fear from Amman, is that the Government is in neither the mood nor the condition to recommend or implement radical changes to the broadcasting system. This is particularly the case if any such change were to require any Government funds whatsoever in the form of capital costs. Since this constraint would affect almost any change of any consequence in television, the prospects of the Government acceding to such change are slim.

The fascination with which the commercial companies will watch the Amman report is largely based on the fact that there is a general rule in entertainment that the higher the intellect the less the claim to watch television, and particu-

larly commercial television. It sometimes appears that thinkers wish that the ratings would go away, for the simple reason that the consistent popularity of Crossroads is an embarrassment. If Amman comes to terms with this and succeeds in discussing popular programmes in other than a paternalistic way it will be a remarkable achievement.

Clearly the biggest headache for the commercial companies is its report will be a question of who gets the fourth channel nonetheless. There are several viewpoints, although the non-competitive channel is far the most probable outcome. As has been mentioned, it itself would prefer to see allocated to someone who is not going to cause any real trouble. Although a great deal of fuss was made a couple of years ago about claims in the companies themselves would like it, this has tended to die down as they try to work out in more detail how it would operate and how it would be financed.

Advertisers, particularly in this past summer, are keen to see there should be as much competition as possible. There is little doubt that ITV antagonised much of the advertising industry this year with its attitude towards rate cards, in many an advertising agency would dearly love to have placed its money elsewhere. There have been various ways to introducing such competition but the simplest would be to have overlapping regional franchises throughout Yorkshire, Lancashire, and vice-versa. The ability to play one company off against another over the same area would delight the advertising industry, but bring furrows to the brows of the television companies.

New technology

DURING THE past month there have been two major gatherings for those involved in television technology—in London and the South of France. Both occasions provided a remarkable insight into the way in which television has changed over the past two decades, and both provided a glimpse at least of the way things may change in the future. In those two decades the world has changed to colour; instant transmissions from the other side of the globe are commonplace; teletext has become a fact rather than a theory; multi-channel television is available if required; and ENG (electronic news gathering) is the new vogue word.

For the individual in the street the position is baffling enough. For governments, who are likely to face some highly embarrassing decisions in the not too distant future, the implications of this explosion in communications technology are alarming.

Dilemma

The political dilemma can be boiled down very simply. As far as governments are concerned there is one essential difference between the printed word and the broadcast word. Print takes up paper which, although expensive, is freely available. Unless your political creed says that it should be rationed, there is no need for it to be. The air waves have always been different. In this case there is a shortage of space. Given that only a few people can possibly have access to these airwaves at any one time it is obviously vital that someone, either a government or a body supervised by government, should do the allocation.

New technology has, however, completely destroyed the argument. There is no particular reason why there should not be multi-channel cable television as soon as the consumers feel they can afford to buy it and as soon as suppliers feel the market justifies the investment. In a relatively short time there will be no reason why there should not be multi-channel television transmitted through the air, thanks to new developments in this field. Governments will have to provide fairly convincing arguments to justify free broadcasting not taking on the mantle of free Press. There are signs that these arguments are already being formed.

First on the list of these is the suggestion that a further extension of broadcasting would, in fact, produce an unfortunate dilution in the quality of service overall. It is argued that there are only so many talented entertainers, newsmen and musicians in the country, and to spread them too thinly over a multitude of television chan-

nels would be wasteful and provide a universally poor service. The impact of this spreading would produce a position in which the highest quality would be attracted by the highest money, and that this money would be likely to be drawn to the conurbations. In a free competitive position the valleys of Wales and the mountain areas of Scotland would be deprived of quality television to an extent which would be undesirable.

At the same time there is concern about the impact of a proliferation of television on the present alternative media, newspapers and magazines. In the U.S., where there are still strict controls but much more flexibility than in the U.K., there are already more television stations than newspapers. The Press in its present form is regarded as too important a part of our national life for it to be sacrificed on the altar of commerce.

The pressures for change in the field of broadcasting are unlikely to build up for a very long time, however, and Government can put off the evil day largely because our geographic neighbours are likely to take a similarly restrictive view of the prospects. Citizens Band radio, multi-channel cable and public access television are things which we may read about happening in other lands, but are probably a long way off as far as Britain is concerned.

Much more pressing is the subject of Teletext, which is now a fact and only awaits a bit of financial, technical and political push for it to start rolling fairly fast. Teletext is the transmission of information over the same channels as normal television material without interfering with the normal signal. Sets can be adapted to receive this extra signal, and once this has been done the consumer can choose from a hundred or more information sheets.

He thus has access to the weather, stock market prices, the news headlines, sports results, technical information on any particular subject that might be chosen, cinema and theatre listings and, if it is allowed, small advertising. Although both the BBC (using the brand name Ceefax) and the IBA (Oracle) are running pilot services and the Post Office has developed its own system, everything must wait for the official go-ahead for full-scale operations.

Problems

There are still a number of problems to be ironed out, but if Teletext does start the implications in the long term could be considerable. It may well be that it would have a very difficult first few years of operation. The sets would be expensive, the service feeling its way, the income minimal and the outgoings high. Like other audio-visual innovations (colour, and even television itself) there would probably be a rapid acceleration in the popularity of the service after a few years of disappointment.

It is this period of acceleration which contains the problems, particularly for rival media. Much of the criticism of teletext has been to the effect that it does not have the facility for long, in depth, articles. It is

therefore argued that it cannot compete with newspapers, in order to have an impact it would need to compete with newspapers or conventional television, in this field. If it became a major source of basic information, such as the weather and the television schedules, not more so if it could carry small advertisements for jobs, accommodation, sales and wants, it might cream off more sales advertising than some publications could sustain.

It will be fascinating to see what Lord Amman makes of this. The technical aspects of his report are likely to be the ones which will attract the least immediate public comment. In the long term they are likely to be the most important. As far as the technology are concerned the only questions now remaining concern a whole new world of science fiction inventions in the political will—and the more Television is the single most powerful medium the world possesses for the transmission of knowledge. How it is employed is of a high degree of importance. At the moment the British Government appears to be hoping that change will come away for a while and that Amman will help to throw a little light on a confusing subject. Perhaps he will, but the Government will still have to make its decisions.

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Telephone: 01-580 9724.

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Marketforce
FACILITATE GREAT ADVERTISING

مكتبات الجاهل

TV programmes

HAS CERTAINLY been a
ring year as far as the
ings are concerned. During
year the BBC has per-
ently teased the ITV com-
es with claims that it was
ing havoc with commercial
vision's claimed domination
the audience. If all really
ne to a head during the
raps when the difference
ween BBC and ITV claims
dered on the ridiculous. Talk
different systems of measure-
nt could hardly account for
at seemed to be a 15m. gap
ween claim and counter-
im.

Television audience research
not a simple matter. The BBC
as an audience recall system
which people are asked what
viewed the night before.
V, via the Joint Industry Com-
tee for Television Advertising
search and Audits of Great
tain, uses automatic elec-
tronic meters attached to tele-
vision sets in 2,500 homes
throughout the ITV U.K.
verage area. The BBC mea-
sures people, ITV homes. The
BC tends to quote an audience
ure which is the total for
hose which have watched at any
e during a show, while ITV
s audience figures as those
have watched the whole

attracting audiences. Whatever manoeuvring the BBC or outside punters may do in order to prove otherwise, it is the ITV companies which persistently come top of the ratings list.

This is hardly because they are purely commercial in attitude—in the sense that those words are normally used. The recent Thames Television experience in New York indicated the huge gulf that lies between what the U.K. calls commercial television, and what Americans call commercial television. The ITV programme mix has apparently worked not only on a critical level, but also in terms of audience attraction.

Whether Lord Annan and his committee will support the continuation of the present ITV structure as far as programming is concerned is an interesting point. There is a great deal to be said for the theory that a 15 company, 14 area (there are two stations for London) system is wasteful. Some of the smaller companies are hungry for cash and are doing regional television jobs which might more satisfactorily be done by a much more intensive local radio system.

of programming. No one minds too much if there is criticism of too much sex, or too much violence, or not enough news—or these debates come into the area of general discussion. But if Annan were to suggest, for example, there was an end to face-to-face competition between ITV and BBC, and a turn to alternative programming there would be a cry of "he doesn't understand" from the companies and the IBA.

As the ITV companies have already said to Annan: "Some measure of protection is afforded to two current affairs programmes placed in the same time segment on opposing channels. Here the argument is that the audience is being deprived of one or the other is lost because the argument is not balanced. Programmes will be seen by a larger number of people if they are 'protected' than if they are set against an entertainment programme on the other channel."

casting Authority. The IBA has shown a remarkable talent over the years for judging the companies into the path it wishes them to take, without much public display of the pressures which go on apart from the occasional census celebrities. Again the New York experience, when there was one debate between Lady Plowden, the IBA chairman, and her U.S. counterpart, when the IBA emerged as much more directly influential than she exists in the U.S., in course there are dangers. In this, particularly if membership of the IBA were ever to become a political appointment, but so far it has worked well, at least in terms of providing a good programme mix.

know that there is a year's supply of wood recently made material on hand in case the whole thing is a tremendous success. Britain, making as it does 13-week series, and occasionally a 26-week effort, does not have such a supply.

Another problem is that both the BBC and the IEA insist on programme makers aiming their material at a British audience. The BBC may not worry too much about its British audience, but understanding some of the peculiarities of American ad legislation in programmes such as *Kouss*, but the Americans are much more concerned that their own audience will not grasp the full significance of a joke expressed in a *Chicken* or



Confusing

It is all very confusing. The advertising industry has the benefit of detailed statistics. For the man in the street to make up his mind whether the Olympics or Rich Man Poor Man was the more successful exercise is extremely difficult.

In this position it is hardly surprising that the two sides could not get together when they attempted to find a mutual way of measuring audiences. The difference in demands were sufficient to make it a negotiation in vain. This could be one spect of television, however, in which Lord Annan will end up doing some head-banging. If he does, with the support of the Government, it will doubtless be to the sound of considerable protest from both the Corporation and the independent television companies.

One thing that the ratings have persistently shown is that TV is highly effective in that

TV's programming system has evolved over the years. The most notably dramatic change came a few years ago when the previous four-power programming method was altered by the introduction of Yorkshire as the fifth network major (the others are ATV, Granada, London Weekend and Thames). These five make up the network consortium which is responsible for the network schedule. Each company contributes programmes to the network in proportion to its means which is assessed on advertising revenue. No company is supposed to make a profit from another company by consistently short-changing in its programme contributions.

The companies obviously suppose that Annan will not disturb this system, and particularly that he will not involve himself too deeply in the detail

and second (and this is only implied) that there comes a point when a programme, no matter how desirable in its own right, is unacceptable simply because it does not get a large enough audience, thus justifying the recruitment of otherwise unwilling viewers.

ITV evidence proceeded as follows: "It is interesting to note that the Swedish television authorities in their approach toward competitive channels, forbade duplication of this kind in the interest of viewers. It did not take long, however, to discover that the audiences for serious programmes declined to an unacceptable level through the competition of popular entertainment on the other channel. They therefore set about reversing the rules so that both channels screened "protected" programmes at the same time."

The real influence for balanced programming, however, is neither audience nor company size, but the Independent Broad-

And yet, as the BBC has found, even a highly expensive export programme is nevertheless likely to make more than a placeholder contribution to revenues. Exporting television, unless a company manages to make its way into the American network works, is a laborious process. Although there are a few money-spinning markets, the biggest section of the business is low-paying under-developed areas where administrative and printing costs soon make the overheads mount.

As yet no British company has managed to make its way into the three American network systems on a regular basis. At first, given the supposed popularity of things British in the U.S., this may seem surprising. There are several obstacles, however, in the way of the £150,000 a year that Storsky and Hutchison might get in America. Not the least of these is that if an American network is considering buying a series it needs to

industry, and the advertising world during the past summer. The problems arose over the fact that while audiences clearly dipped, advertising rate, did not. Although the amount of advertising booked like suffering under the financial strain, the companies kept steadfastly to their rate-rates and added a little here and there. The television companies have not been slow to point out that over recent years the advertising rates have not been rising at anything like the pace of general inflation. Nonetheless there has been a great deal of talk in the advertising business about whether or not some of the small to medium advertisers can really afford to buy time effectively.

In the midst of all this amount the sufferers have been the production companies which depend on a steady flow of work making commercials for their livelihood. The past two years have been anything but fat for the 200 or so companies which

Some of last year's reliance on material taken from the shelves and dusted off for a new viewing may have disappeared, but there is a growing trend of some companies to use American material, perhaps dubbed and adapted for U.K. screens, perhaps not. There is also a continued attitude of watching the pennies on the part of all clients. If a customer thinks he can get away with a \$8,000 simple pack shot, he will.

All this, which has been going on for two years now, has come as a rude shock to a mini-industry which had come to regard itself as an art form. For many advertisers there was as much pride in the artistic quality of the commercial as in its effectiveness in the market place. This other worldliness has some extent left the scene, pe-

The production companies relied heavily on the freelance services of film industry personnel. In the good time, a director might have charged \$400 for a day's work, and an editor \$175. The squeeze here meant that there is a great deal more bargaining to-day, with the freelances in a much weaker position than once they were.

Unfashionable

One aspect of the production business which has benefited from the changed circumstances is tape. For many years tape has been unfashionable for the making of advertisements. Initially it was regarded, and probably quite rightly, as technically inferior. It still presented editing problems for those whose whole life has been spent in film. The fact that the cheaper end of the market used tape with the encouragement of television programme companies, emphasized the differences and made the more staid

The need to watch costs has changed that somewhat, along with the growing sophistication of tape equipment. The industry may now be reaching a stage that the television programme makers themselves have already had to face—the film is best for some circumstances and tape more practical for others. There may be times when the two are not necessarily better than each other, simply different.

If the end of the 1976 advertising boom comes as swiftly as some are now suggesting it will be, further success on production companies and the agencies is found some way of getting the message across in an effective, but cheap, way. The viewer can only hope that the American style still with-stands over type, yet commercial does not come into vogue.

Producing the ads

THERE CAN be no doubt that all was not well in the relationship between the television industry and the advertising world during the past summer. The problems arose over the fact that while audiences clearly dipped, advertising rates did not. Although the amount of advertising looked like suffering under the financial strain, the companies kept steadfastly to their ratecards and added a little here and there. The television companies have not been slow to point out that over the next years the advertising rates have not been rising at anything like the pace of general inflation. Nonetheless there has been a great deal of talk in the advertising business about whether or not some of the small to medium advertisers can really afford to buy time effectively.

hope to make their living at the same. There is not much of the \$25,000 exotic overseas location business about, and precisely little of the \$10,000 sophisticated home-produced material either.

Some of last year's reliance on material taken from the shelves, and dusted off for new marketing may have disappeared, but there is a growing trend of some companies to use American material, perhaps dubbed and adapted for U.K. consumers, perhaps not. There is also a continued attitude of watching the pennies on the part of all clients. If a customer thinks he can get away with a \$8,000 simple pack shot, he will.

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conscious admen use film to even greater determination. They may seem at odd times to be about any aspect of the advertising business, but tape regarded as a two commercial with film you at least had a point in the world of art.

The need to watch costs has changed that somewhat, along with the growing sophistication of tape equipment. The industry may now be reaching a stage that the television programme maker, himself, has already had to face—to film is best for some circumstances and tape more practical for others. There may be times when the two are not necessarily better than each other, so they may be different.

If the end of the 1976 advertising boom comes as swiftly as some are now suggesting, there will be further pressure

In the midst of all this among the sufferers have been the production companies which depend on a steady flow of work making commercials for their livelihood. The past two years have been anything but fat for the 200 or so companies which

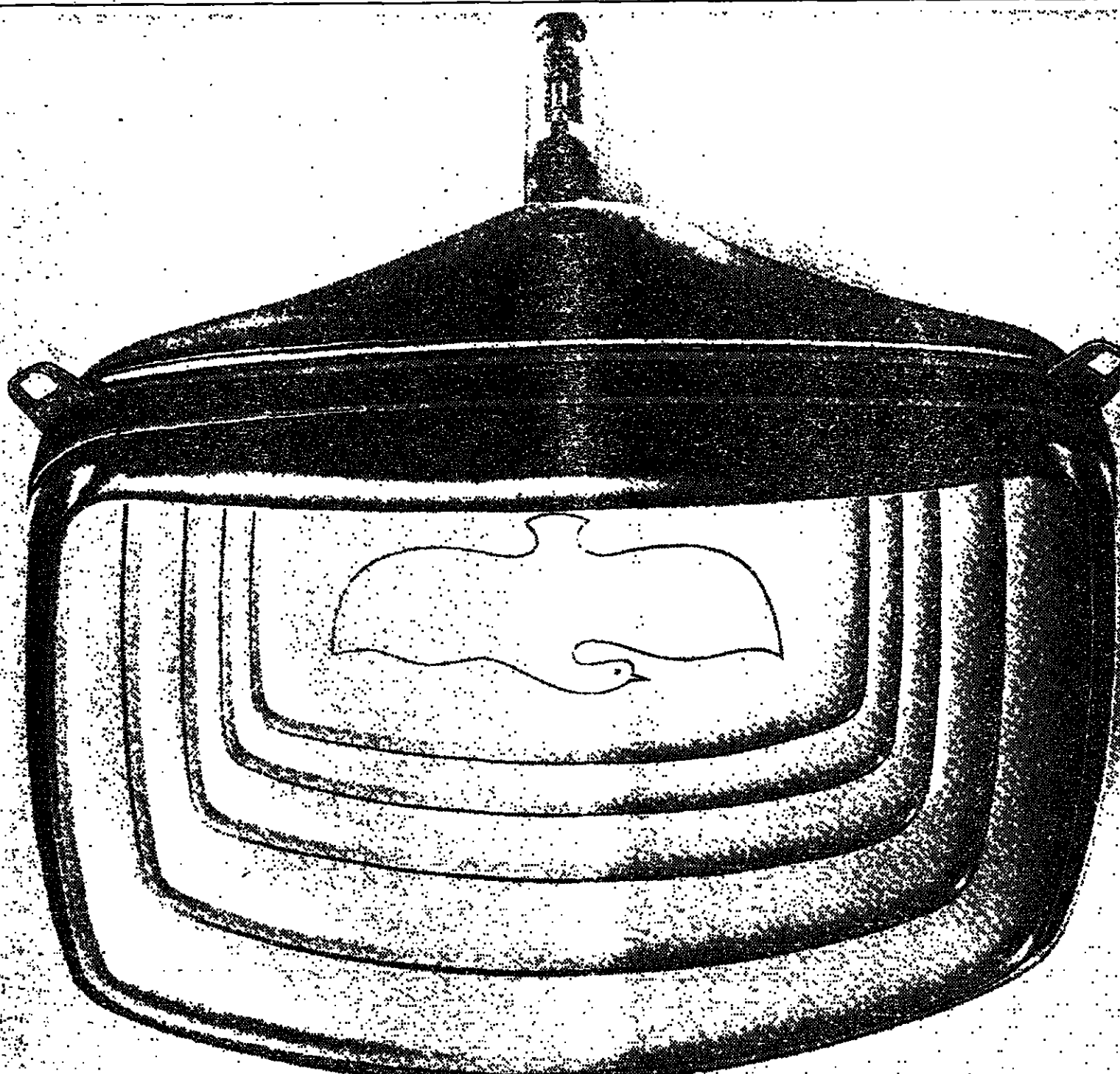
try which had come to regard itself as an art form. For many advertisers there was as much pride in the artistic quality of the commercial as in its effectiveness in the market place. This other worldliness has to some extent left the scene, per-

editing problems for those whose whole life has been spent in film. The fact that the cheer end of the market used to be with the encouragement of television programme companies, emphasised the differences and made the more sta-

on production companies ask the agencies to find some way of getting the message across in an effective, but cheap, way. The viewer can only hope that the American style still with-over type of commercial does not come into vogue.



The TV ad, that didn't make it. This photograph shows a white hand cutting a small slice of an iced cake and then taking the larger piece away, leaving the rest for a small black hand. Produced by Oxfam, the TV commercial was rejected by Independent Television on the grounds that it is political and contravenes the code governing charitable advertising.



LOOK INTO OUR TEST TUBE!

(Birds Eye view Anglia for new product)

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ADVERTISING AND MARKETING X

Promotion specialists

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INTERNAL MEMORANDUM
To: *Asb* Date: *10/19*

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MARKETING SERVICES DEPT.
Report Ref: *10/19*
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...of the Board of Directors...
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USERS OF sales promotions do not have to employ specialist sales promotion agencies, and indeed some, like Kellogg's Cornflakes and Playtex International, prefer to manage their own promotions. Jeremy Sandys-Wynch, Group Product Manager at Kellogg's, explains that his own specialists understand the company's problems better than an outsider could, though there are many occasions when he is approached by agencies with ideas. Very occasionally, one of them is a good one and Kellogg's accepts it.

According to Hugh Davidson, vice-president of Playtex International and himself a former sales promotion man, the reason his company looks after its own promotions is that its distribution is mainly through department stores and mail order catalogues. He claims that the sales promotion companies are unfamiliar with these, being mostly geared to groceries.

Higher

Neither Mr. Sandys-Wynch nor Mr. Davidson would find many agency men who would agree with them, and most major users of promotions prefer to work with a consultancy, the main reason being the higher standard of work that comes from a specialist.

Peter Hood, a director of The Sales Promotion Triangle, gives the reasons for this higher standard. "We are dealing with promotion work most of the day. We see the effects of hundreds of promotions in dif-

ferent situations and we have discovered most of the problems at the same time. We can say with reasonable certainty what the effect of doing a thing a certain way will be." And he counters the arguments of Sandys-Wynch and Davidson by saying that although the consultant obviously does not know as much as the client about his business, he does make it his business to learn a lot about it. But more important, the consultancy knows a lot about other businesses and can bring market experience in depth to combine with the client's more extensive knowledge of his own business.

And, of course, the agency can conveniently handle a lot of the quite considerable administrative load involved in running a promotion. But perhaps the most important reason for using a consultancy is the fact that there are so few really good creative sales promotion experts, and the few there are naturally prefer to work in the freer and more stimulating environment of a consultancy rather than within a big company.

The fact that what the manufacturer buys from a consultancy is primarily ideas explains the very large number of small consultancies. Even the biggest ones, like Marden Kane, Kingsland Lloyd Petersen, MS Surveys, Cato Johnson GLH, CSL and Glendinning employ no more than 50, and there are many who employ fewer than ten. The reason is that, as Sales Promotion Executive Association chairman Jack Heath points out, "It is the easiest thing in the world to set up a consultancy if you have a client and a few hundred pounds and some

ideas." The result is that it is as common in the sales promotion world for staff to splinter away from one shop and set up their own as it is in the advertising world.

Nor does the smallness of many of the units result in lower standards. Indeed, many manufacturers prefer to deal with the hungry, ambitious people in the emerging companies whose services are very often cheaper than those of their bigger counterparts. And although there are now a few more big-ish consultancies than there were a few years ago, with mergers like that between Cato Johnson and GLH Marketing

Some companies manage

their own sales promotion, others employ a specialist agency. Michael Rines, Editor of Marketing magazine, reviews the pros and cons.

which formed Cato Johnson GLH, the trend is unlikely to go far. Indeed, immediately after the Cato Johnson GLH people, including Peter Hood, left to form Triangle. And Mr. Hood says that although Triangle's business is growing, he is not interested in becoming a big company. "What I'm good at is solving clients' problems, and if we got big I should have to spend all my time managing," he explains. "And in any case, clients like dealing with principals in this business, and that it not possible when you get too big."

But if there are never going to be a lot of big consultancies, there are likely to be rather more of the medium size, 30-strong ones. Tim Arnold of CSL supports this view because he finds many of his clients are now looking for the degree of service they get from advertising agencies. And as manufacturers increasingly accept the importance of sales promotion he believes they will be prepared to give more consideration to the long-term arrangements with consultancies who will be expected to provide some strategic input to the clients' marketing plans. There will be rather less emphasis on the short-term aspects of sales promotion and more on the long-term effects. This means, Mr. Arnold claims, that clients will look for the embodiment of common themes in their pro-

motions and it will therefore pay them to establish long-term relationships with their consultancies, based on annual retainers rather than on ad hoc contracts.

Size has other advantages for the client company, according to Mike Leaves, Deputy Managing Director of Cato Johnson GLH, the most important being the assurance that the consultancy won't go bust half-way through a campaign. And he does not believe that small companies are cheaper because in many of them the owners take a lot of fees.

How much of this belief in the increasing size of businesses is wishful thinking is hard to say, but the views of Chris Kerridge, Promotions Manager of Van den Berghs, which is one of the biggest users of promotions, and agencies have failed to do not support it. He does deal with the large sales promotion off-shoots of the ad agencies, such as Lintas and McCann, but he does so because they are cheap, being subsidised (he believes) from the above-the-line accounts. However, he has not always been satisfied with their work and has gone out to independent consultancies, ranging from two-man shops up to the larger Morden Kane and Glendinning, to get better creativity. And as far as long-term relationships are concerned, he is again discouraging: "We get far more from ad hoc creative schemes paid for on an individual fee basis," he says.

Competition

Even Roy Martin, who heads MS Surveys and Promotion Services, has to agree with Mr. Kerridge. "Clients get better promotion as a result of putting each campaign out to competition. They get more ideas to choose from and they get lower prices. Clients are not going to pay you to live in their pockets. They won't pay out money in the way they do to ad agencies and they don't like working on a retainer basis. And without a firm fee income it is difficult to sustain a large organisation with its large overheads."

Just as arguments about the advantages of size and of long-term arrangements will go on indefinitely because different problems require different solutions, so there are continuing arguments for and against consultancies linked to advertising agencies. Those against point to the fact that the size of the budget to be spent on below-the-line could be adversely in-

fluenced because it affects the amount of money available for the more glamorous and profitable media advertising. Again, an agency-linked consultancy may be barred from taking on clients who are pettifors of the agency's client. Conversely, they may be under pressure to accept work from agency clients that the agency would otherwise prefer to refuse. And, as Mr. Kerridge points out, agency clients can use their position to screw down the price of fees.

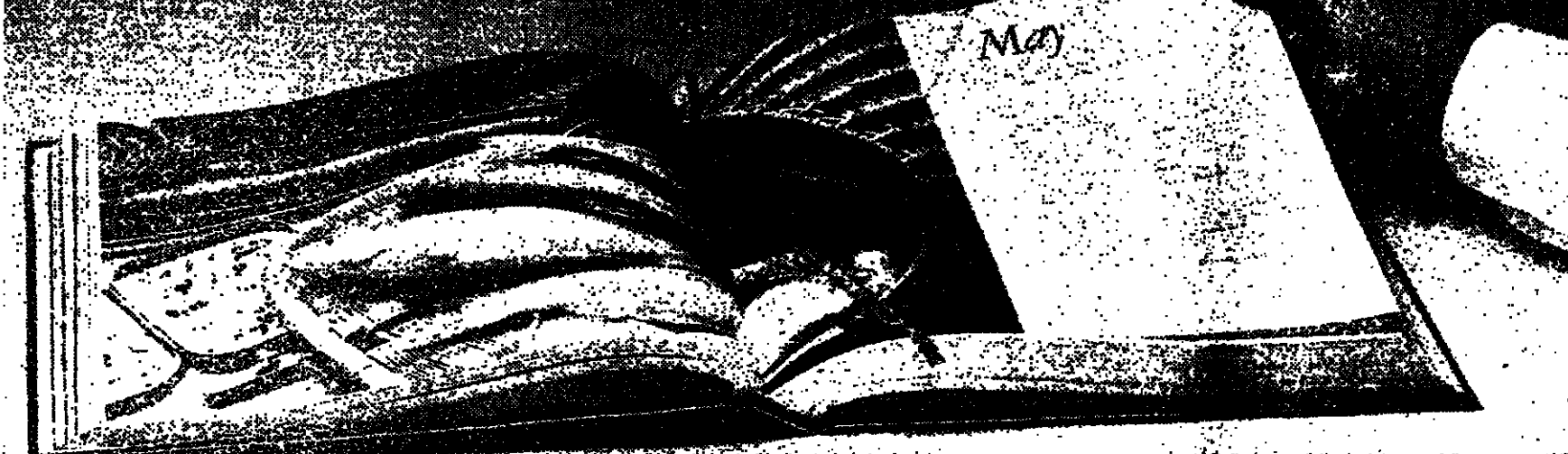
Arguments

But there are as many arguments on the other side. For advertising agency it is more difficult to have a sales promotion because many clients expect the biggest users of promotions, and agencies have failed to do not support it. He does deal with the large sales promotion off-shoots of the ad agencies, such as Lintas and McCann, but he does so because they are cheap, being subsidised (he believes) from the above-the-line accounts. However, he has not always been satisfied with their work and has gone out to independent consultancies, ranging from two-man shops up to the larger Morden Kane and Glendinning, to get better creativity. And as far as long-term relationships are concerned, he is again discouraging: "We get far more from ad hoc creative schemes paid for on an individual fee basis," he says.

The setting up of this year's Nucleus Sales Promotion advertising agency, following by other agencies, is the first time an advertiser agency has entered into a formal association with an established promotion company to ensure the best possible handling of clients' accounts. But it is typical of the sort of solution arrived at by other agencies in that the sales promotion company is set up as a separate operating unit to overcome as far as possible the disadvantages of the agency link while retaining the advantages.

For whatever the movement in the sales promotion business it will always remain a business for creative, entrepreneurial people. And the strength of each consultancy will be based on the personalities of its members and ideas of their members. Those against point to the fact that the size of the budget to be spent on below-the-line could be adversely in-

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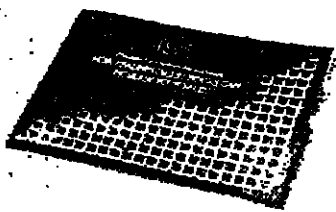
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FT.2

Premium houses

The premium houses have recently gained in respectability and are currently experiencing a mini-boom. Tony Dakin explains why this is so.

AT TIMES during the last few years it looked as if British premium houses would never become an established part of the British marketing scene. As soon as one company set up shop, another went out of business.

One of the major problems was the availability of really good products: the big-name, big-product companies simply refused to run the risk of letting their brands become linked with cut-price offers and premium incentives. Also, they had to compete with the emergence of the discount houses which, almost overnight, meant that people could get as good a deal from them as they could from self-liquidating offers—and with considerably less bother. Add to that little lot of problems the fact that many marketing managers saw the service provided by premium houses as nothing more than a "supply and delivery" service, then their struggle for survival was not hard to understand. At that stage all the pointers were that the premium-house phenomenon would be over in a decade or less.

But they learnt their lesson in time. As Norbert Stein of Optimisation points out: "Just when some premium houses were in danger of getting the whole industry a bad reputation for supplying shoddy goods and then not servicing them, the bigger ones countered by offering a really comprehensive service—everything from advice on the types of premium offered needed to first-class after-sales service."

To-day, as the recent premiums show at Wembley, showed, the business has at long last gained an air of respectability and is clearly thriving as a result.

According to the latest figures

issued by MS Surveys and Promotional Services—they compare the monthly average this year with last—self-liquidators are up 32 per cent., giveaways up 41 per cent., coupon offers up 110 per cent. and free mail-ins 33 per cent. Admittedly, many of the premiums involved may not have gone through premium houses, but clearly a percentage did, which means only one thing—that many premium houses are going through a mini-boom period despite the overall trade picture.

Also, these figures do not, of course, take into account sales incentives where, according to many premium houses, the really significant growth has taken place. Companies like Procter and Gamble, Unilever and Cadbury-Schweppes use them in a big way and all the signs are that they are on the increase.

CONTINUED ON NEXT PAGE

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Trading stamps

the range of goods sold in two trial shops has been radically pruned, while the sale of the shops has been managed from Tesco to Adesga. Though the company says it has immediate plans to drop imports from all its stores, it was likely that if the experiment is a success, it will convert one of its other smaller stores to a similar operation.

Tesco, however, is giving imports in its superstores where offers its lowest prices—a fact which Green Shield says contrasts the idea that competitive prices cannot be accompanied by price cutting. Even so it is interesting to note that the shop, which is now Britain's second largest stamp operator, is not giving stamps in one of its superstores. While Gateways, which bought the Pink Stamp Machine for £1 (repeat £1) last year has not put stamps into all its Solo discount houses, Gateways says, however, that the

second largest stamp operator, the Co-op, which only does around 5 per cent of its stamping business in garages and only has about 200 retail stations on its books. The Co-op claims its garage business has remained fairly stable over the past two years. Its problem seems to be more one of over-enthusiasm by the retail societies. Though the societies were rather successful, Wholesale Society first mooted the idea of replacing the old dividend distribution scheme with trading stamps, 94 per cent of Co-op trade is now done with the blue "divi" stamps. There is worry is that the societies are

more attractive to housewives than the relatively small price cuts which would result from dropping them and spreading the savings right across the board.

As trading stamps were first developed in the U.S., it was inevitable that parallels will be drawn between what happened to stamps there and what is likely to happen here. On the face of it, the American example would seem offer the British stamp operators little comfort for the future.

Remember trading stamps?

At a recent example in the *Evening News*, which went on to chronicle the decline of the American trading stamp companies, Sperry and Hutchinson, for example, has seen its revenue fall by 12 per cent in 1973, 19 per cent in 1974 and 2 per cent last year, while the

In this situation Cavenham's decision to take stamps out of its British Moors show after it had taken them out of the Grand Union chain in the U.S. is hardly the most interesting. Green Shield, however, claims to be doubly confident about its future, and there is no shortage of companies which would like to emulate its success. Only this month a new stamp company appeared on the scene, offering collectors discounts on holidays. Meanwhile Green Shield is itself expanding into new areas. Last year it linked up with IPC to offer stamps to its readers, and this month it has announced it is linking with the London Evening News in a circulation drive in the area stretching from the Thames to Watford.

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*N.O.T. - March 1976

The Roots logo, featuring the word "Roots" in a stylized, cursive script font, enclosed within a circular border.

FOR VALUE

CONTINUED FROM PREVIOUS PAGE

Figures vary. Jef. Harris, chairman of Harris International Marketing (filing for bankruptcy last week), says that the size of the market is wildly exaggerated and says it is worth no more than \$11m. and that this is down on the same time last year \$1m. on free giveaways, \$3m. on self-liquidators and \$7m. of free mail-ins.

Gimmickry and entirely new products are still the keynote to success in this business. But the gimmicks have to be well made and have to be reliable, and the new products really have to be new, not merely adaptations of old established ones.

The reason is simple enough. With so much competition from the High Street, manufacturers have to find something really different to offer their customers. As a result nearly all the major premium houses now have sales forces scouring the world—particularly in the Far East—looking for new products.

The latest craze which is helping to give premium houses such a boost to their business, is electronic goods. If current evidence is anything to go by, then the products have just as much appeal to housewives as they do to salesmen in the field; products like quartz digital watches, calculators, binoculars and audio equip-

ment. The four leaders in the field are probably Trafalgar Promotions, Optimisation, Mail Plus and Universal Grange. All are optimists about 1977, especially in view of the impending launch of the digital clock which, according to Optimisation's Norbert Stein, has been an incredible success as a premium offer in the U.S.

Of course, the other big premium motivator is package holidays, and with the pound sinking still further they will clearly become more popular as an incentive. "Companies such as Incentive Awards now do whole packages for companies and arrange everything from helping to devise the actual incentive scheme to organising

**It fits into an envelope
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than a succulent steak
and a bottle of wine.**





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According to Maurice Becker, the company's marketing director, business rose 20 per cent last year despite the recession, and it looks like doing even better this year with a sizeable increase coming from insurance companies and banks. It is a further indicator that the potential for new business for premium houses is going to come from outside the packaged-goods business.

The retailer pays for the cost of the

stamps from profit on a vastly increased turnover, because the public like part of their discount in the form of trading stamps. The Stamp Company makes its trading profit by buying merchandise at bulk prices, direct from manufacturers, and by a highly efficient warehousing and distribution operation.

Facts to set you thinking

1. Green Shield Stamps are saved by 66% of the adult population of the U.K.
2. Since 1958 Green Shield have distributed over 120 million gifts.
3. On average, 50,000 gifts are handed to Green Shield savers every day.
4. Almost 4,000 people work for Green Shield, the all-British, largest trading stamp company in Europe.
5. Over 25,000 supermarkets, shops and garages give Green Shield stamps.
6. In 1975 our turnover exceeded £65 million.

RPM

How the war
was won

"Trading stamps and gift coupons showed traders how to bring in more customers. From there it was a short step to price cutting," Maurice Corina, *The Times*, Monday September 30, 1968.

And still in 1976 competitive pricing and stamps go hand in hand. More customers; more turnover. More turnover; keener competitive pricing.

Our service is a fact

1. 89 gift houses throughout Great Britain serve Green Shield savers during the shopping week.
2. The Green Shield warehouse at Daventry has a storage capacity of 28 million cubic feet and is one of the largest single-storey warehouses in Europe.
3. There is a choice of over 1,200 items in the Green Shield catalogue.
4. Every item of Green Shield merchandise is backed by an unconditional Golden Guarantee of satisfaction.
5. The merchandise illustrated in our catalogue includes many famous household names.
6. 12 million Green Shield catalogues will be printed and given away free in 1976.

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ADVERTISING AND MARKETING XII

Promotion research

On this page Julia Piper, Associate Editor of Marketing magazine, discusses the problem of research into sales promotion techniques, while, below, Elinor Goodman writes about advertising in the retail field.

SALES PROMOTION is the most under-researched sector of marketing. What little research there is tends to be contradictory and leaves marketers flummoxed in the confusion. The numbers of promotions run, consumer attitudes to the techniques, and the effectiveness of individual campaigns are all difficult to measure, and so statistical information has been traditionally sadly neglected. Continuous monitoring of promotional activity and consumers' responses to the techniques is sparse and frequently ambiguous. Manufacturers commonly fail to undertake their own research before they launch a promotion and then fail to assess the results afterwards. Thus campaigns are run and completed without sufficient information and their success or otherwise is inadequately measured. The sales promotion industry operates largely in the dark.

It is on the question of consumer attitudes to promotions that most of the confusion arises. There are two main sources of data. The first is Harris International Shopping and Promotional Intelligence (HISPI) which is a regular survey of 3,000 shoppers per annum. It reports on trends in shopping behaviour, including responses and attitudes to promotions. Second, the Taylor Nelson and Associates Monitor of social trends includes a report on consumer attitudes to sales promotions. The two surveys show very different results for various techniques. For example, the HISPI survey reveals a growing consumer liking for money-off coupon offers. In 1975, 48 per cent. of respondents said they liked coupons. However, the Taylor Nelson figures for the same year show that 71 per cent. of respondents felt that coupons should be discouraged or actually banned. This discrepancy may be partly due to the different samples in each case, the context in which respondents were questioned and the nature of the questions asked. But, the fact remains that marketers are left confused about just what housewives do think of coupons. Whatever the truth is, the popularity of coupon offers with manufacturers seems undiminished. It is estimated that over 3,000m. coupons with a value of £150m. are in distribution this year, and the MS survey's analysis of promotional activity reports an increase of 110 per cent. in the numbers of coupon offers this year.

Dominant

The dominant theme for promotions is price related value for money. Housewives are primarily concerned with cutting the cost of shopping. So manufacturers promote their products most frequently with money-off offers of one sort or another. However, coupon offers hold several advantages over other price-cutting promotions. Each coupon is a conspicuous money offer to housewives and yet need not make a huge hole in manufacturers' budgets. This is because less than 4 per cent. of coupons are actually redeemed. This means that the value of each coupon can be quite high without costing the manufacturer a fortune and housewives have their attention drawn to the product, even though most of them do not get around to using what is often a very generous offer. For example, it is possible for a manufacturer to offer 5p. or even 10p. off a brand of coffee, confident that it will not cost him 5p. or 10p. per jar. When money-off offers are made on the pack, however, the price reduction is subject to the cut, so the price reduction must therefore be considerably smaller.

Pages of coupons that offer savings on a wide variety of the grocery items are becoming a regular feature of many national and regional newspapers. They have the inherent advantage that the consumer response is immediate. This is ideal when manufacturers are aiming for fast results from a short-term promotional thrust.

However, cross couponing, which is popular with some manufacturers, is now being stopped by an increasing number of retailers. The technique involves printing a coupon on one product pack offering money off another product. The housewife must buy product A in order to get her coupon to purchase product B at a lower price. For manufacturers this offers a cheap way of distributing coupons, but the disadvantage is that if product B is not available in the store of purchase, the housewife is unable to redeem her coupon. So, the London Co-operative Society has banned cross couponing by refusing to stock packs that feature cross coupon offers, and many other retailers are following suit.

Despite the strong trend towards price cutting promotions in the present economic climate, some manufacturers are beginning to see straight price cutting as no longer unchallengeable. It does not distinguish one brand from another. And, according to HISPI research, consumer liking for price reductions is actually declining. Housewives are already bemused and irritated by rising prices and are further confused by price cuts. They are not sure how genuine the cut is, and frequently ask "money off what?" They are especially confused at the checkout because they are not sure whether the price marked on the pack includes the price cut. Nevertheless, there seems to be no sign of a reduction in the numbers of reduced price offers.

Self-liquidating premium promotions offer hard cash in will never disappear from the promotional scene altogether. One example is the recent "save

our seals" Nescafe coffee promotion, which encouraged shoppers to save the inner housewives as their shopping bills change them for grocery obviously, there is still a lot of money. For one seal the consumer received a voucher worth 7p, which could be exchanged for any grocery item in any retail outlet. Two seals earned one 7p voucher plus a voucher worth 8p. Sp. with a great deal to advertise every extra seal the consumer received a voucher worth a penny more.

This example demonstrates how manufacturers are beginning to seek alternative ways of giving consumers value for money. However, premium offers will never disappear altogether, though the number seen in store will probably diminish as fresh promotional alternatives are discovered and used.

Against the background of preoccupation with price, consumer competitions have suffered from being out of con- sumer with the promotional mood. Once in a lifetime holidays for do so.

This is a Birmingham screwdriver

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Retail advertising

WITH THE current emphasis on prices in any negotiations between manufacturers and their customers, the suppliers must sometimes wonder if retailers perhaps less to boast about on whether they are only interested in filling their shelves with the requisite range of goods at the lowest possible price, regardless of whether the products are being advertised or not.

But, if proof were needed to show the retailers' continued belief in advertising, it is in their own actions. In the last five years the multiple supermarket groups have recognised the need to build up consumer loyalty through the media and is planning to raise it to over outstripped most other sectors in their increased use of it.

Since 1970, advertising expenditure by the Co-op and the grocery chains has almost tripled, while in the same period total display advertising has risen by only 74 per cent. This has meant retailers are now taking an increasing share of the total advertising cake. Their share of television advertising, for example, has risen from 2.3 per cent. in 1971 to 8.9 per cent. in the first six months of this year.

Though much of this advertising has featured special price offers and rammed home the prices message, the retailers have also put new emphasis on creating a brand image with the customers in recognition of the fact that, with virtually every big group cutting some prices all the time, it is vital to build-up customer loyalty if customers are to be dissuaded from merely picking off the special offers and moving on to the next shop, coupons in hand. The voluntary groups have probably been the best example

of this, along with the Co-op, which attributes the reversal of the downward trend in its fortunes partly to greater use of the media. VG and Spar, with perhaps less to boast about on a straight price comparison basis than some of their super-market competitors, have used advertising very successfully to convey the idea that neighbourhood shops, by virtue of their proximity to the home, can offer customers savings which the high street supermarkets cannot. VG, for example, has increased its national advertising expenditure from £362,000 in 1973 to £552,000 last year and is planning to raise it to over £600,000 next year.

Not that, as the manufacturers know only too well, all the money comes from the retailers themselves. Though in 1974 the shortage of some commodities and the low stock position on others meant that retailers had difficulty in filling their promotional spots, the current market position means that manufacturers are once again competing for space in the retailers' promotional programmes. The proportion of advertising costs which the manufacturer pays to get into a promotion may not have increased in itself, but the retailers can now afford to be choosier about which of their suppliers they allow into their promotions.

Moreover, the big buyers are increasingly demanding exclusivity in manufacturers' promotions. They no longer want to give special treatment to reduced prices which are also available in their competitors' shops. As Mr. Michael Reynolds, managing director of Spar, said recently in an interview with Campaign, "there are very few manufacturers that are so powerful that they have the ability to mount a promotion which is going to be of interest to all retailers at the same time." Those, like Heinz, which could still do so were in the minority. The makers of

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هكزا من العمل

ADVERTISING AND MARKETING XIII

Sales promotion

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two that depend on the success of their advertising. They do not want to be seen as the only ones who are not taking advantage of the opportunities available. They are not the only ones who are not taking advantage of the opportunities available. They are not the only ones who are not taking advantage of the opportunities available.

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As such it is applicable to marketing of all kinds of goods and services. Its application is not, as some industrial goods marketers believe, confined to consumer goods. True, there may be a few occasions for the offer of trading stamps, or coupons, or free gifts in exchange for the list of packing cases, but there are many occasions when industrial marketers use their own form of sales promotion.

They do so every time they offer guarantees, special credit terms, free trials, special maintenance and made-in deals. And Sales promotion has shown an astonishing growth of 60 per cent. over the past year. Michael Rines, discusses the reasons.

There is every reason too why they should more often use some of the schemes usually associated with consumer goods. Yorkshire Imperial Metals, part of the IMI group, showed the way recently when it used a competition for a holiday and increased its sales of plumbing fittings to Dutch merchants by more than 100 per cent.

But if industrial marketers are slow to understand the virtues of sales promotion, it has in recent years spread from the traditional fast-moving packaged consumer goods to the point where it is an accepted part of the marketing policies of the consumer durables industry (the motor industry woke up with a vengeance last year), and even service industries such as banking.

But while there is obvious room for further growth in certain areas, like industrial goods, it is likely that consumer promotion has now reached a peak among consumer goods. Some experts believe its volume will decline, as it has done in the past, if and when the

market groups. Offers of cash refunds, which can only be redeemed at certain shops, are on the increase, as any glance through the popular daily papers will show. Entry to some competitions, too, is now restricted to customers who bought the product at a certain shop, while own-labels are now carrying coupons redeemable against branded products.

Overall, the sales promotion industry has changed significantly over the last year. Price has become the paramount consideration, and manufacturers have begun to concentrate their promotions in the area of price cuts, and in particular money-off coupons. With marketing becoming a much more short-term and basic operation, grocery manufacturers have tended to restrict their longer term product advertising and put more money into below-the-line. The result is the annual review of the industry by the Osborne Group subsidiary, MS Surveys, for 1975, showed has been a reversal of the trend away from promotions. The research group monitored 10,000 promotions last year, an increase of 13.7 per cent. on 1974.

Within this overall increase there was a rise of over a third in promotions concentrating on price, with coupons showing an increase of 48 per cent., and reduced price offers a lift of 31 per cent. In all, a promotion offering a reduction in price accounted for over a half of all promotions last year. More surprisingly, contests also showed an increase of 12 per cent., but multi-packs, free mail-ins and giveaways all declined.

The interesting trend last year was the way manufacturers used above-the-line advertising to publicise below-the-line activity. Rather than treating below-the-line as the poor relation of media advertising, grocery manufacturers began to tailor their above-the-line expenditure to their activity in the shops.

The evidence suggests the same is likely to be true for 1976. With overall volume showing little sign of increasing, the manufacturers are once again looking for quick marketing results. Promotions through stores have increased by more than 30 per cent. in the first months of this year. Reduced price offers were up by more than half during the period and self-liquidators by more than a fifth.

The losers were once again the multi-packs, and the surprising that they take such emphasis was firmly on price. Though some people believe that the market for promotions is polarising — with money-off food manufacturers, with their promotions at one end of the scale and "escape" promotions, tailored to specific groups of people, such as sports enthusiasts at the other end — most retailers seem to feel that

economy really starts moving again. And again, there is evidence that consumers are hostile to many aspects of sales promotion. In many cases they believe that sales promotions schemes, such as free gifts and even trading stamps, add to prices, and the only schemes for which there is much enthusiasm are those, coupons for example, that very clearly offer the consumer value for money. Surprisingly, however, there is some evidence from the Harris International Sales Promotion Index that straight money-off offers are simply confusing at a time when prices change very rapidly anyway.

One of the factors that has held the industry back in the past has been the low esteem in which it has been held by comparison with advertising. Every marketing director, no matter how big his company, takes a close interest in advertising and is personally involved in choosing agencies and in many other advertising decisions. The same is not true of sales promotion and it has too often been left to brand managers and others at relatively low levels to look after it. Most of these managers are untrained in the use of sales promotion, and by the time they have acquired any experience they are too often moved on to a more senior job.

Hopefully, the recognition of the value of sales promotion during the difficult last two years will be reflected in the appointment of able managers to head specialist sales promotion departments at the right level in the corporate structure.

This is not to say that all manufacturers are weak in this area. Clearly, some of the biggest users, such as Van den Berghs, Becthams and Nestle have developed a high level of expertise. And some, such as Kellogg's Cornflakes, mount all their own campaigns, using outside help only for some of the physical handling of coupons and premium products. Another cereal manufacturer, Weetabix, has even set up its own sales promotion company which handles campaigns for other manufacturers.

Outside the client area, the industry is highly fragmented, with a great many small companies. The most numerous are those offering their wares as premiums, gifts or competition prizes. Indeed, there is almost no product or service that is not offered as an inducement to buy in a sales promotion. The result is that purveyors of everything from holidays to hardware, cameras to cutlery, and orchids to microwave ovens are in the premium business, and some of them have special marketing departments devoted to it. Perhaps the best known premium of all is the trading stamp, now almost the exclusive preserve of Green Shield and the Co-op (mostly through its own shops). And stamps are particularly effective in creating customer loyalty for retailers.

Between the premium sellers and the client companies there are the sales promotion consultancies, some of them offshoots of advertising agencies, but the majority independent and with few exceptions very small. Even the biggest employs no more than 50 and, as in the agency business, people continually flit from one agency to another or set up their own promotion houses. Nevertheless, there has

in today's economic climate no longer so acceptable to the housewife, Michael Reynolds, for example, says he would not repeat his Disney exercise. Giving away cards of Disney characters, he says, worked at the time but it would not now "be relevant to the needs of the consumer."

From the manufacturers' point of view such emphasis on price promotions is hardly likely to be welcome. Cutting the price is not by any means always the most profitable way of building sales. For this reason it is not surprising that some of the biggest grocery companies are looking for new kinds of below-the-line activity which suits the country's apparent down-to-earth move without involving heavy price reductions.

Heinz, for example, is guaranteeing to pay 1p for every Heinz label that is returned to them over a period for a specific children's home charity. Such charity-orientated promotions put the retailer in a rather embarrassing position: while he would doubtless prefer the money went into his promotional fund, he can hardly appear to be so uncharitable as to say so.

The emphasis on price is just one symptom of the malaise which is affecting both retailers and manufacturers at the moment. The basic problem is that volume in the grocery trade is not keeping up with inflation. This means a company has either to take business away from a competitor or find some way of cutting costs if it is to increase its profitability. The short-term answer for the retailers is to squeeze the manufacturers' promotional budgets for all they can get and thus get a competitive edge by offering lower prices than other shops.

The longer term solution may mean a much more fundamental change in the pattern of grocery trading, involving a shift out of the High Street and into out-of-town stores with lower occupancy costs. Given the way the big supermarket groups are presently entrenched in the High Street, it is hardly surprising that they take such a dim view of what they regard as frivolous activity by the manufacturers. Not that the food manufacturers, with their profit margins under great pressure, are exactly light-hearted about the situation either. But not all of them are in a strong enough position to argue with the retailer.



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new developed a core of well established and respected companies whose work is as professional and as creative as most ad agencies.

Service

Beyond the consultancies, there is a variety of service companies, ranging from premium houses that act as middle men between the premium manufacturers and their users, handling houses that look after the physical handling of coupons and the despatch of goods, and companies like Salesforce that provide a service to handle, for example, free sampling programmes.

But the cornerstone of the whole sales promotion pyramid is the retailer himself without whose co-operation few schemes can work. If the retailer refuses to put up the point-of-sale material drawing the consumer's attention to an offer or to stock the goods promoted then the campaign cannot get off the ground.

And unfortunately for the sales promotions industry, retailers often feel that schemes are of little benefit to them because it makes little difference to them which brand is industry.

particular when the identical promotion may be running in a competitive store. Of course many promotions, especially those involving coupons, cause the retailer extra work. The result is mal-redeemption on a massive scale, with retailers accepting coupons against products other than those for which the coupons were designed.

So there is a conflict of interest between manufacturers and retailers which is increasingly being resolved by promotions tailored by manufacturers specifically for, and with the co-operation of, individual retail chains.

Hopefully, such efforts are harbingers of the coming maturity of this burgeoning industry — an industry that badly needs to strengthen its trade body, the Sales Promotion Executives Association, so that conflicts of interest can be worked out and so that the standards of behaviour already established by the SPEA can be better enforced.

If they are not, then there is always the possibility that the Government, urged on by the consumerists, may step in and stifle the further growth of the industry.

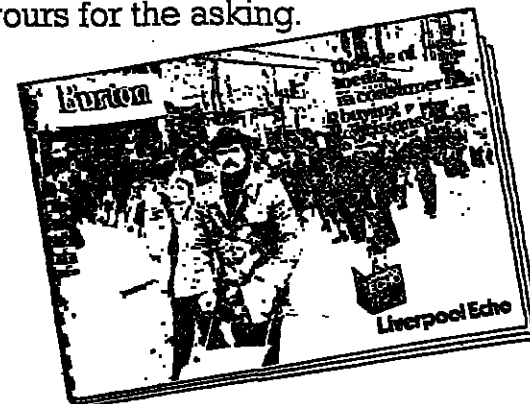
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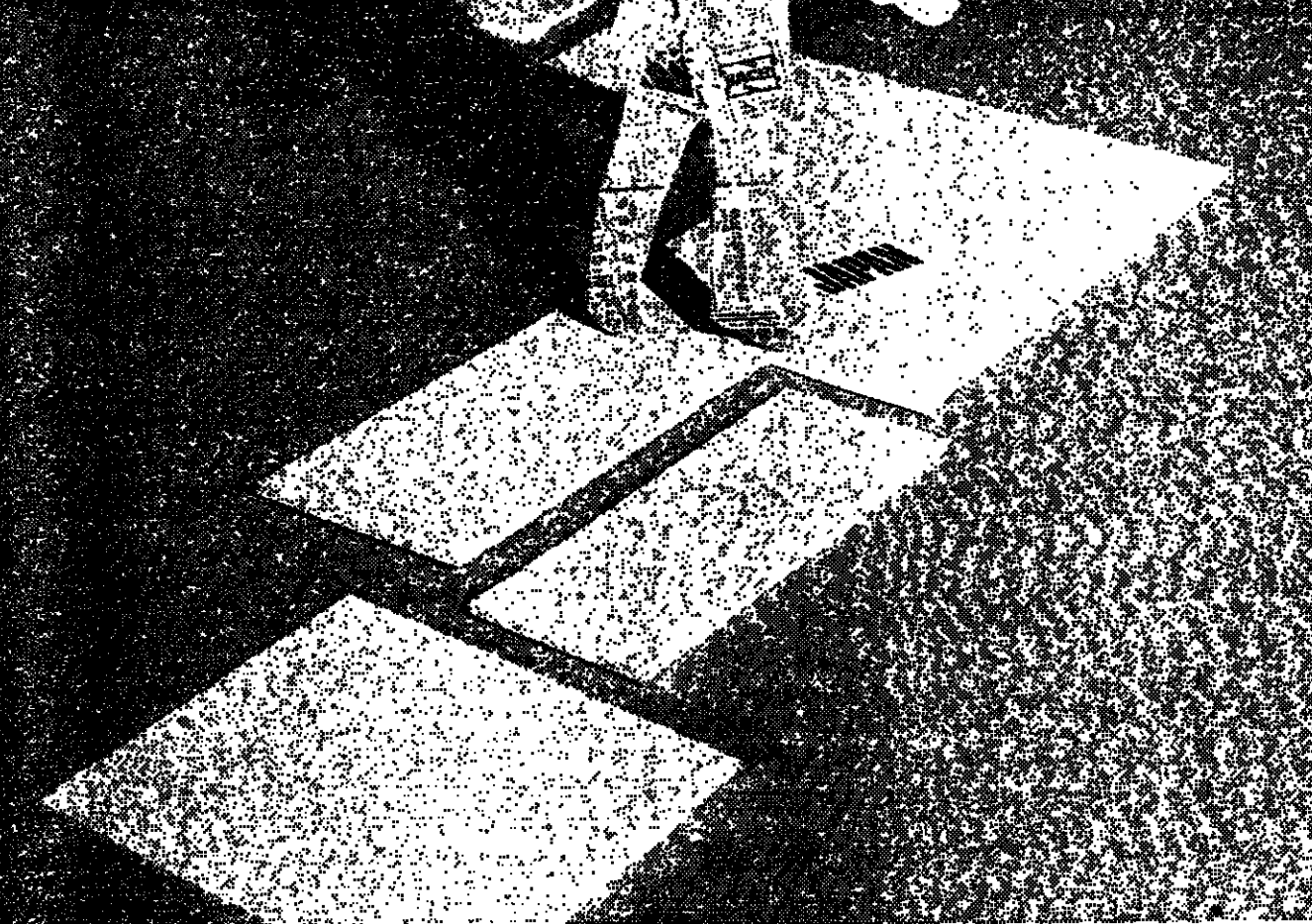
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The products that Japan buys from Britain range from Rolls Royce engines to textiles and Scotch whisky which all amount to £491,680,000 per year. However, this amount is less than what Japan purchases from U.S.A., Australia, Canada, U.S.S.R., China, Korea, Philippines, Malaysia. Therefore, a serious thought should be given to further introduce to the Japanese market all English brands that have a standing reputation in their respective fields. The three newspapers and six specialised magazines that are published by The Nihon Keizai Shimbun, Inc. offer themselves as a

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The Nikkei Ryutsu Shimbun (Nikkei Marketing Journal, S/W)	237,398	Top retailer
Nikkei Business (b/w)	119,917	Executive level
Nikkei Electronics (b/w)	30,018	Professionals/Technicians
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Nikkei Architecture (b/w)	25,000	Architectural engineers
Shopping (m)	434,000	Housewives
Science (m)	34,816	Professionals/Technicians

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Retail

CONTINUED FROM PREVIOUS PAGE

condary brands, he intimated could have to toe the retailers' line. "We've got our own programmes, we've got our own ways which we're spending."

Mr. Reynolds is known for adopting a rather belligerent front in his dealings with suppliers, but there is little doubt that many other retailers see the same view. The result has been an increase in the number of promotions tailored for individual super-

market groups. Offers of cash refunds, which can only be redeemed at certain shops, are on the increase, as any glance through the popular daily papers will show. Entry to some competitions, too, is now restricted to customers who bought the product at a certain shop, while own-labels are now carrying coupons redeemable against branded products.

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ALL THE INFORMATION YOU NEED ON AUSTRALIAN PRINT MEDIA IS AVAILABLE RIGHT HERE IN THE UNITED KINGDOM



John Nash, of the Syme Marketing Bureau, is just the person to help you.

"The Age", Melbourne's prestigious morning broadsheet newspaper, from its London office, provides basic information on the circulation & rates of all Australian print media, and their audience profiles.

We also provide free a computerised schedule evaluation service with information on net reach, gross reach, cost efficiency and frequency distribution.

The Syme Marketing Bureau is serviced by "The Age's" Melbourne based media research department — the biggest, most up-to-date media marketing research data bank in Australia.

For the cost of a telephone call, John Nash can arrange to provide you with decision making information, including geographic and demographic population distribution and product purchasing patterns together with research findings on Melbourne consumer buying habits.

John Nash can also tell you about Australia's first comprehensive Lifestyle study incorporating 17 lifestyles, 78 products and services and all major media in the Melbourne marketplace.

Australia is a mighty big continent but the Syme Marketing Bureau and John Nash are based in London to help cut your media planning for Australia down to size.

Call John Nash on 01- 837 9978

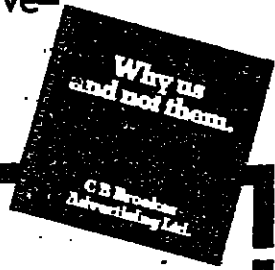
or write for further information to:
The Syme Marketing Bureau
"The Age"
Room 223, New Printing House Square
Gray's Inn Road, London, WC1X 8EZ.

THE AGE

WILL IT SELL?

Too many people, both clients and in agencies, look at an advertisement and their reaction is subjective—do they like it?

What they should be saying is, will it sell?



Yes, I agree, please send me my copy of 'Why us and not them?'
Please arrange an appointment. ☐

Name _____

Position _____

Company _____

Address _____

Tel. _____

C.B. Brookes Advertising Ltd.

Cambridge House, Cambridge, Uttenseter, Staffs. ST14 5BL

Telephone: Hollington (088926) 468/9, Telex: 36572, FTN1076

FURNITURE

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Marketing
Production and Technical

Furniture Industry
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Contact A. D. Spillard
Maxwell Road, Stevenage
Hertfordshire SG1 2EW, England
Telephone Stevenage 3433

FIRA

INTEREUROPE COMMUNICATIONS HAS VACANCIES FOR TWO GOOD CLIENTS

By good we mean companies who regard PR as part of the marketing mix, with specific objectives. We don't mean only big companies with enormous budgets, though our minimum fee is £5,000 p.a.

We are an independent agency, and believe in long term relations with our clients, so we can build profitable relations for them with their press and public.

We are young enough to be flexible and creative, old enough to be professional and mature in business judgments.

If you would like to meet us and learn more of our capabilities, please contact me to arrange an appointment.

Graham Nicholson.

INTEREUROPE COMMUNICATIONS LIMITED,
114 New Bond Street, London W1Y 9AB.
01-629 5701/4.

ADVERTISING AND MARKETING XIV

Public relations and its image



FOR YEARS the more ambitious men and women in the public relations consultancies have been promoting the idea that PR executives need to change their image. They should move away from their concentration on trying to get the products of clients mentioned in the appropriate journals and, instead, become the communications consultants for the chief executive of a company. It seems that events are moving the way of these bold thinkers.

For companies are now well aware of the crucial importance of the Government and Whitehall in their affairs. Almost overnight new proposals, at local or national level, can cause unanticipated problems. In the same way the Press seems more capable of destroying companies—an expose of their operations in South Africa, or of share dealings among directors, or of bribes to foreign Governments can cause sudden and costly complications. If a public relations consultant can help guide a company through increasingly stormy waters then he more than deserves his modest fee.

Recognised

This is the growth area of public relations, and the larger consultancies have recognised the fact. The problem is that they are not entirely equipped to do a worthwhile job—they claim to know about communications, but they may well be lost in the world of Parliament, of trade unions and of industrial relations generally. In fact the opening up of a new, and much more worthwhile, opportunity for public relations is held back by the bane of the profession—the lack of really good personnel.

The best PR companies appreciate the problem, but as small operations, with limited financial resources, they are ill-equipped either to train up bright young graduates or to tempt away experts from other industries. Undoubtedly clients are using their PR companies more for arranging meetings with MPs: finding out what the shop floor thinks about proposed changes; advising on trade union reaction to policies; and building pension fund managers; but the contribution of public relations will be limited until its reputation, and the standards of executives, rises higher than it is at the moment.

Nevertheless the past year has been encouraging not only for the practical reason that there has been a rise in inquiries and the turnover of most PR firms, but also because the industry is finally rationalising into large and financially stable units. The merger between the PR side of Charles Barker and F. J. Lyons has produced a company with a fee income of £500,000, almost twice as large as the next companies in the field, which are probably Burson Marsteller and Good Relations Group.

The integrated Barker-Lyons, with a staff of 65, can realistically offer clients advice across the whole field of PR, with a strong Parliamentary side, headed by the ex-BBC expert Conrad Vos Bark: a financial expertise built around Barker's century-old City associations; as well as the product, corporate and sponsorship PR which Lyons specialised in. In the same way the U.S.-owned Burson Marsteller, which is part of the second largest PR company in the world (after Hill and Knowlton), can afford to recruit expertise from outside before it works for clients prepared to pay over £100,000 a year for widespread coverage.

For not only does acceptance into the corporate communications world improve the status and job satisfaction of any PR company that can make the leap; it also enables them to charge higher fees. In the last two years, in particular, clients have been reluctant to pay more for product PR, mainly because product PR comes under the responsibility of the marketing director, who operates within

The public image of a PR man—a cartoon by Heivison of Punch commissioned by Taylor PR as part of a campaign to rectify that impression.

In the controversial area of public relations there are stirrings of change. Antony Thorncroft examines the new thinking in the consultancies.

short-term sales targets—and is suspicious of the long-term images building contribution of PR. If the PR man (or woman) can become responsible to the chief executive the chance of charging fees in line with rising costs, is much easier.

However, product PR is still well over half the business, especially for the many small and medium-sized companies, whose main raison d'être is to get Press coverage. But even here clients are expecting a wider service, and using their PR companies (if they have any confidence in them) to organise conferences for their sales forces; conduct some image research into brands; and, quite frequently, expecting PR to communicate with new groups of people, such as teachers, employees, distributors, etc. Specialised marketing, which is replacing the unstructured traditional approach of using PR to engender general good-will.

Some PR companies are changing their form to meet the changes in the market place. The Osborne advertising group has merged its PR, research and promotions operations into one unit, Osborne Marketing Communication. The justification is that this is the era for the specialist inside a larger operation, which offers cost spreading advantages and service in depth.

And yet not all the larger PR companies have prospered. Some of those attached to advertising agencies, like PPR

ments, nationalised industries and local authorities. Apart from offering more security than the average PR position they are also very well paid. So corporate sector PR has moved from the lowliest place on the PR ladder to the top, almost in a matter of months. The consultancies just cannot compete in salaries, and the good younger recruits are taking the soft option of a job in the public sector.

Relatively few PR companies go out of business. Individuals start their own operations based on one account; lose it; and then drift into an internal department, or back to a consultancy, but in the main the same companies are around to compete for the slowly increasing number of clients, who feel both in the product and corporate areas that they might be helped by PR. Fees are still quite low—£10,000 a year being a good account, and the average nearer half that—although attendant expenses can more than double the fee. Little research is done to measure the impact of PR, and this remains a very personal business, based on the relationship between client and adviser.

Certain parts of the business, such as the once flourishing financial PR, have been hit by the malaise in the City and the publicity surrounding firms such as John Addy, but there are always new doors opening. PPR, for example, now has 20 clients who pay £1,000 a year to be kept informed of proceedings in Parliament and at Brussels which could affect their businesses.

This is the kind of practical help which can make PR worthwhile. At organising a conference; supervising research; communicating with schools; running a house journal; advising on key figures; among investment managers of the media, PR has an obvious and relevant contribution. But it must still be doubted whether many PR consultants have the experience or even the skills to join the Boards of large companies as communications directors.

(Young and Rubicam), with billings in excess of £350,000, and Lexington (J. Walter Thompson), billing £300,000, have not grown much in recent years (although PPR has added £90,000 in the last two weeks), and have only been able to make profits by drastically cutting down on staff—both employ 25 per cent. fewer people. Perhaps one of the problems is that they are still seen to be offering an extra service to their agencies' advertising clients, who are reluctant to pay the market price for the help.

Depressing

Although things seem to be picking up in the last few months the 1975 figures on PR profitability, prepared by the Public Relations Consultants Association which represents over 80 companies with a combined fee income of over £5m, make depressing reading. A sample of 44 members produced an average net profit before tax of only 3.1 per cent., less than half the 1974 return. Of course many PR companies are run to give their owners a good living, but even so the lack of capital generated explains the inability of the business to train up more skilled personnel, and also to maintain a stable staffing policy, irrespective of the loss of accounts.

Apart from the PRCA companies the many hundred other operators produce total fees of over £3m, making PR a £10m. industry. Then, of course, there are the internal PR departments of companies, which are probably on the decrease as companies are reluctant to employ staff, who cannot easily be got rid off, internally when outsiders can be called in for particular assignments.

But if private industry employs fewer PRs one of the great changes in recent years has been the proliferation of jobs in Government depart-



The Advertising Standards Authority What makes us tick?

Our job is to see that all advertisements are legal, decent, honest and truthful.

You can read our Code (The British Code of Advertising Practice) at your local reference library, Consumer Advice Centre or Citizens Advice Bureau.

Or send us your name and we'll send you the main points free.

Then if you see any press, cinema, poster or mailed advertising that appears to break the code, send us the details. We'll do the rest.

Advertising Standards Authority Limited,
15/17 Ridgmount Street, London WC1E 7AW.

Primary Contact Limited

Telephone: 01-580 9724.

Incorporated Practitioners in Advertising for

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Fresh and processed foods, horticultural products, Storage and distribution equipment, Shipping and road transport.



PLAYING CARDS

Your advertisement on just one pack of cards will be seen by more than a thousand times during one evening's play. Just imagine the coverage with one or two thousand packs!

Minimum 1,000 packs or 500 twin packs.

PLAYING CARD PUBLICITY CO. LTD.

94 Casleton Ave., Wembley, Middx. Tel.: 01-962 4391/02-962 2885

SIGNS FOR SHOPS
SIGNS FOR BUSINESS PREMISES
SIGNS FOR FACTORIES
Corporate identity multiple signs
Interior signs: illuminated or non-illuminated: insulated materials
SIGNRITE LTD.
Kilwin Estate, Long Drive, Greenford, Middx. W5 3DS

66 BUSINESS DECISIONS...

need to be made faster than ever in Asia today. Therefore the businessman in Asia must constantly be kept fully informed. The Asian Wall Street Journal gives him what he needs—responsible international and regional business news and, most important, it gives it to him daily.

W.P. MUNDY,

V.P. and Area Director.

The Kenyon and Eckhardt Group of Companies in Asia.

...THE ASIAN WALL STREET JOURNAL

For more information about The Asian Wall Street Journal contact your nearest Wall Street Journal advertising sales office

Independent Local Radio gets them where they live. And where they don't.

Housewives at home. People at work. People in cars. With 19 stations on air around 35,000,000 people can tune in to commercial radio every week. And over 40% of those who can listen, do listen.

Call Air Services (01-379 6751) or Broadcast Marketing Services (01-580 8682). And reach the people. Wherever they are.

IR
INDEPENDENT
LOCAL RADIO

مكتبة الأمل

The making of an advertisement

For this example we have chosen a whole page advertisement prepared for Cornhill Insurance Company by its Advertising Agent, Douglas Macdonald and Partners.

standards and makes us tick?

The British Code of Practice for Advertising Agencies and we'll send you

ess, cinema posters break the code, and

ards Authority Limited, London WC2E

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SHOPS FOR

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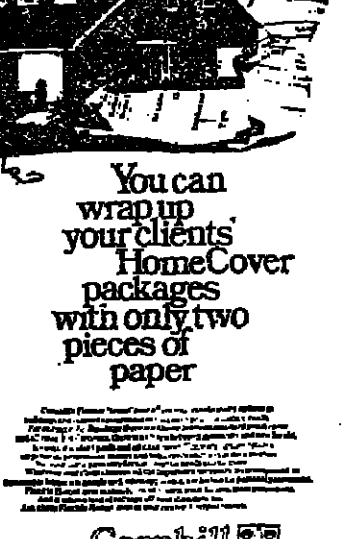
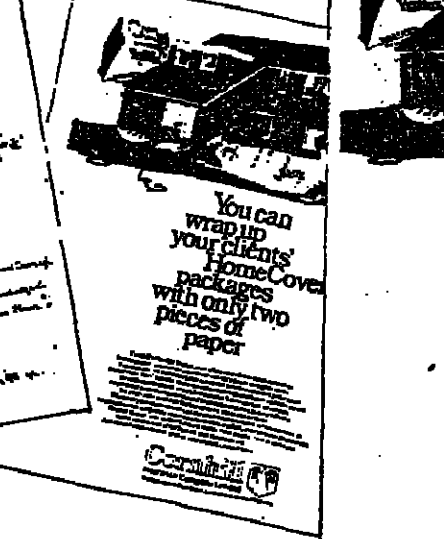
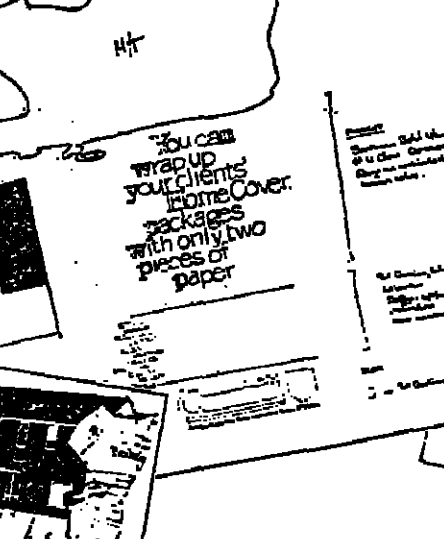
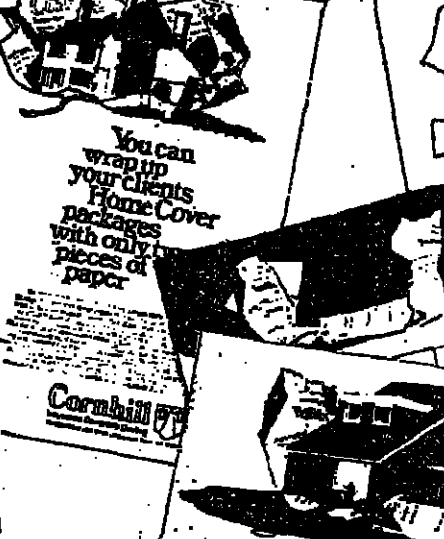
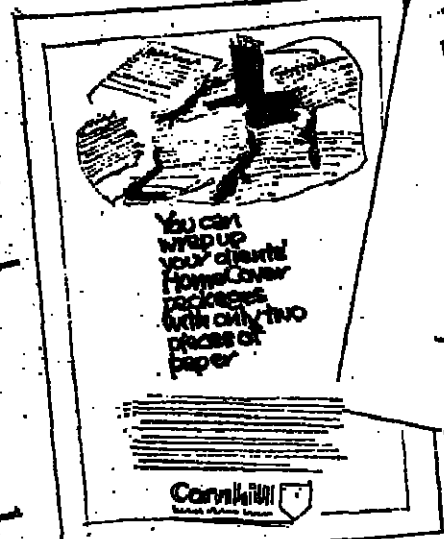
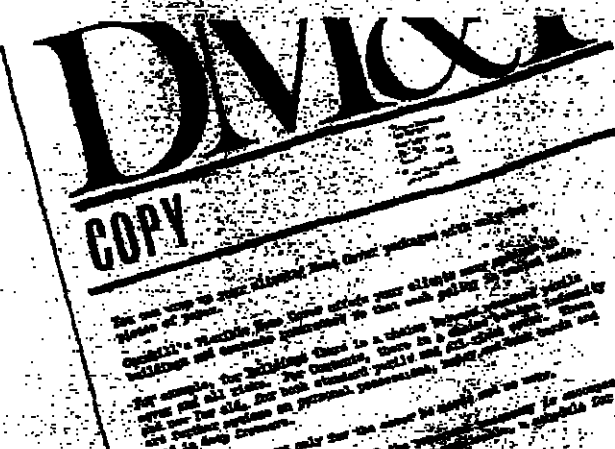
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- 1 COPY** From client's briefing, the agency prepares copy and ideas as the basic creative ingredient.
- 2 SCAMP** Showing basic visual ideas for client's advertising department's comments.
- 3 PRESENTATION ROUGH** For management approval. After this has been accepted agency then commissions.
- 4 PHOTOGRAPHY** Here showing elements and negative montage.
- 5 TYPOGRAPHICAL LAYOUT** The guide to the typesetters showing size and style of type to be used and exact positioning.
- 6 FINISHED ARTWORK** Agency then assembles all elements ready for blockmaking or platemaking. The final stage for alterations.
- 7 PROOF** Showing exactly how the advertisement will appear in print.

The role of the agency

The advertising agencies are prospering again after a couple of poor years. As Antony Thorncroft points out, the recession has forced many of them to streamline their activities.

Another change that has gathered steam in the last few years is the growing marketing sophistication of clients, who can afford to employ the bright young men who might once have gone into agencies. These days the marketing departments of packaged goods advertisers, in particular, feel no awe when in the presence of their Mayfair advertising agency, and the advertising and marketing approach is much more of a joint effort.

The advertisers are also more experimental, realising the advantages in media terms of cutting down on the number of agencies they use, and evaluating the buying skills of their agencies. Advertisers are also willing to use small agencies on new products, or even try out the growing number of creative and media specialist consultants.

Even the large agencies are not afraid to change when it comes to their revenue. Apart from squeezing a profit from each client they are asking fees to supplement commission if an advertiser is not particularly active, and are trying to ensure that their clients pay on year for television like 1976 the again.

For good financial control are the hallmark of a successful agency. Yet for all the internal changes the apparent outside structure of the advertising world is remarkably static. To a very great extent the same agencies make up the top ten as a decade ago, and the same agencies make up the industrial and small advertisers. In profit terms they can often beat the giants—the gross profit from industrial agencies at the bad years it is unlikely that a big agency will suddenly collapse, as against the 15.9 per cent. for consumer agencies, and provincial agencies managed a gross profit of 18.5 per cent. compared with the London return of 15.8 per cent. Out-of-town agencies also tend to be more stable and less affected by the movements in the economy, since their costs are lower and their wider range of accounts protects them from sudden cut-backs by a few clients.

There will never be a return to the excess profitability of the early days of commercial television, but with agencies now much more competently run they can take more advantage of a prosperous year such as 1976, and should not be too substantial amount of their bill-downcast if in 12 months' time budgets are being cut back year for television like 1976 the again.

An ad agency is a business; so why shouldn't it offer individual business terms?

Why individual terms?

For two main reasons.

First, because it's good sound business practice. Second, because it's a long time since the basic commission costing system was drawn up.

Since 1812, to be exact, which was when the first British ad agency opened its doors.

Our basic offer.

Despite the fact that the commission costing system has long been a bone of contention between clients and agencies, it is the recognised system.

All recognised agencies must operate within the rules and regulations of the NPA, NS and PPA. And we're no exception.

However, beyond this point we believe the ad business can be much more business-like and, equally important, be seen to be more business-like and honest by the client.

TRJ propose to allow every client to enter into consultation with the agency and negotiate an agreed profit return on their business.

Thus for one client we may agree to work on an agreed net profit figure of 2 1/2%. For another, both client and agency may agree

the nature of the business necessitates 4%. Yet another may be managed for an agreed net profit figure of 1 1/2% the first year and 3 1/2% the second year.

We'll open our books to you.

Let us imagine that we've agreed that the agency would require 2 1/2% net profit return on your business and that you're spending £100,000.

The media income from that would be £15,000.

The agency's overheads would be £12,500.

And the net agreed profit to the agency would be £2,500.

Thus the income would be used as it was traditionally intended to be, as a subsidy to cover the time spent on the account.

At the end of, say, six months you're welcome to check our books and see that we're honouring our part of the bargain.

Honesty in advertising is mutually beneficial.

We feel this modus operandi would effectively dissipate the inevitable harangues over production costs which embroil every agency at one time or another.

For the client, it means, too, value for money.

Because if you agree to the system and the agreed profit return occurs from media commission alone, then TRJ will offer you your production services at cost.

The usual plussing-up of around 20% will be automatically waived.

You can even have copies of the suppliers' invoices, if you like (as some agencies already do on some accounts).



Why make this offer?

Partly because we've long considered a more flexible charging system was needed.

Also because, being quite honest, we hope it will attract like-minded clients.

And, probably most important of all, because after four years in business we've realized we're one of the most business-like agencies in town.

It would be foolish not to take advantage of this.

In addition, we believe that at this point in time we can offer many clients what they need without asking them to contribute to the overheads of agency services which they do not use.

For example, many of the agencies with their roots in the Fifties and Sixties continue to run research and marketing departments.

Yet most large clients now have these functions within their own companies.

Why should you pay towards the upkeep of something you don't use?

We consider that as and when such services are needed they can be most effectively bought outside.

The agency acting quite literally as an agent for you.

TRJ's services comprise management expertise, creative work, finished art, media, print and production facilities and financial control.

How business-like are we?

If you've got this far it's a fair question to ask how capable we are of fulfilling our offer.

Particularly as ad agencies are notoriously better business advocates than they are businessmen themselves.

TRJ was formed just over four years ago. It has four Board directors who came formerly from establishment agencies. The four directors still

hold all the equity.

In four years trading our record has been consistent with that of any well-run business, expanding from its own investments.

TRJ also owns a profitable public relations company, now in its third year.

Ordinary speakers will have left you quite unprepared for the Bore range.



And has established a thriving management selection consultancy.

We have, too, associate offices in Paris and Frankfurt.

What about our creative work?

Our creative work is arguably the best part of the agency.

We've won awards. We've achieved an 80% sales increase for expensive luxury goods. We've even flown to Niagara Falls to produce a trade ad.

Come and see us and we'll tell you how, why, when and how much.

What now?

Let's just recap.

If you think a negotiable, verifiable way of doing business makes sense we'd like to hear from you.

TRJ

T. Richard Johnson Ltd. Advertising.

47/48 New Bond Street, London W1Y 0HE.
Tel: 01-493 6371.

ADVERTISING AND MARKETING XVI

MINTEL is market Intelligence

In present day consumer marketing, developments in any one market may well have application or offer competition in another market. You may think you already know about what is happening in your own marketing area but can you afford the time to keep in touch with what is happening in other markets? Yet to do so can greatly help you to identify opportunities or anticipate competition.

MINTEL provides a ready source of reference for Marketing Managers and a valuable aid to Market Researchers and Development Executives in consumer marketing companies. It provides you with thousands of pounds of original market research at a fraction of its cost.

MINTEL will provide you with over 60 reports per year giving you authoritative information on the following consumer marketing areas—Food, Drink, Tobacco, Leisure Markets, D.I.Y. Medicines, Cosmetics, Household products, Consumer durables, Clothing, Motoring and other important areas of consumer marketing and retailing, also new product reviews.

MINTEL reports show latest information, much of which is not published elsewhere, on market shares, growth patterns, buying habits and attitudes, competition, advertising and current and future trends.

You will get market profiles showing the changing patterns of markets in which you currently operate or into which you may profitably expand and develop.

SEND FOR A £25 SPECIMEN COPY COMPLETELY FREE OF CHARGE!

Complete and return the coupon below to Marketing Manager, MINTEL, P.O. Box 109, CROYDON CR9 1QH for a free specimen copy. (normally £25 to non-subscribers).

I am a senior executive with a professional interest in consumer markets. Please send me a free specimen copy of MINTEL.

Name

Job Title

Name of Company

Company address

*Free specimen offer expires October 30, 1976.



The independents

ANY WEEK now a big British advertiser will announce that, instead of placing its advertising through its agency in the traditional way, it is taking an off-the-peg service, going to a creative specialist for its advertising concept and to an independent media company to plan and place the advertising schedule. That, at least, has been the prediction for over a year now and there is every indication that one week it will come true.

For advertisers, even the very largest ones, are now prepared to consider alternatives to the full service advertising agencies. This is partly because they are disenchanted with the work they are getting from agencies, contrasting the attention from the managing director and the best creative teams when they are awarding their advertising business with the follow-through they get from the hands of less experienced account men.

Rising

But it is also because advertisers feel they both know more about advertising themselves these days, and because they feel, at a time when advertising costs are rising sharply, they can get a cheaper service by buying specialist help, if, and when, needed. And, finally, there is now a wider choice of independent advertising companies competing for the growing business. It has been estimated that the dozen independent media companies will handle up to £30m of billing this year.

By-passing the agencies is not new, especially among retailers. Companies like C & A have always preferred to control their

own advertising. What is new is the willingness of big brand advertisers, like Bass Charrington and ICI, to place some (and at the moment it is only a few of their advertising through the new channels. It may be a ploy to keep their advertising agencies on their toes, but there is also the belief that the new organisation, anxious to prove their worth, can give a better service on small accounts and new brands that might be lost in the big agency.

The fact is that the advertising process is not the simple advertiser-agency-media trinity that it so often seems. Some remarkable research just published by Bill Evans, an agency man and now professor of marketing at a Canadian university, shows how diffuse the real situation is. Evans interviewed a representative section of 56 British companies in 1969 and the same sample five years later. In 1969 48 were using an advertising agency; in 1974 only 33 were an astonishing turnaround.

Further of the 33 still with an agency less than half thought they were getting a good deal while 40 per cent were dissatisfied. Now this sample was nicely representative of British industry but did not include many of the major TV slanted packaged goods advertisers who dominate the advertising agency world. But what is happening among companies en masse is likely to work its way up to take in the giants. At least the trend is not the other way. These days any company deciding to take advertising seriously will consider an agency—and the alternatives.

This is most obviously seen on the creative side where companies either develop their own ideas or use an outside creative consultant. Now the work of such consultants largely goes unremarked, and their names are not so well known as the independent media companies, who are actively promoting their achievements. This is because the creative consultants (like the media boys) do a lot of work for advertising agencies, and do not want to seem too much in opposition to the existing set-up.

A survey by Squad, one of the creative consultancies, suggested that a half of advertising agencies put out work to creative consultancies, asking them for ideas when clients have rejected their own proposals or seeking advice on a new account pitch. Over 10 per cent of agencies use "moonlighters"—that is, creative people who actually work for other agencies. Stories are told of big accounts moving on the basis of a creative idea contributed by a creative man in the agency which has just lost the business.

But if a great deal of creative work is done by consultancies for agencies in secret some creative consultancies are not so shy. For example, David Bernstein, formerly a creative director at large agencies, set up the Creative Business very much as a fee based marketing consultancy able to advise a wide range of clients on any problem from a pack design to a marketing approach for a new product. He has grown famous working for clients like Beecham, Unilever, the Co-op and Rockitt and Colman, plus many more, and represents the philosophical alternative to an advertising agency—a group of creative and marketing men offering consultancy help at a deter-

mined fee as, and when, the client needs it.

The Creative Business has shown the need, although Bernstein himself will admit that from a personal financial point of view, working in this way rather than by getting paid by commission, means more work for less reward. That is why his entrepreneurial colleagues in the advertising world still prefer to go it alone inside the agency framework. Other creative consultancies include Lees-Spinks-Gillman, Day/Devito French, John Simmons Associates, and Cato Johnson.

On the media side things are much more open and overtly aggressive. Companies like Media Buying Services are already handling over £8m worth of billings a year and working for clients like K-Tel, the big TV promotions company, Alberto-Culver, Fabergé, and Sekonda Watches. The Media Business is run by Paul Green, and sums up the gains, and also some of the problems, of the media independents.

Paul Green has got agency recognition from the IPA, and by concentrating on the television side can buy time as effectively as any agency, and perhaps more so. His business has grown steadily, but to cope with repeated staff changes as a bright media men breakaway to set up their own organisations. For the independent media shops tend to be small, personal, companies working for a few clients—and for advertising agencies.

Some independents, like Tony Rowse Media, spend most of their time working for the smaller advertising agencies who find it cheaper, and more effective, to buy out media talent, especially on the planning side and for tricky clients, rather than employ their own media departments. Even large agencies sometimes use the admitted media expertise of the independents, although they like to keep the fact quiet. While they wait for a major client to confer on them the respectability that their recent growth deserves the independent media buying companies, in its initial six months results, perhaps for competitors. But the big market research companies maintain their dominance by offering continuous research information. AGB, a public company, reflects the improvement in the industry by turning the first fall in its profits in 14 years of existence into an increased profit in the full year by over 10 per cent. Its improvement was clinched in July by the retention of the JICTAR contract for measuring the ITV audience which is worth over £700,000 a year, making it probably the biggest research contract in the world. AGB's other clients find essential for plan companies, Industrial Market

for clients like BML, Oliver Vaux Breweries, and Laker.

The success of the media buying and planning operations has awakened a response among the agencies. Kimpher, the publicly quoted agency group, created a separate, profit making, media company, The Media Department, working for its own agencies and for non-agency clients, some time ago, and other agencies, such as Green and NSW, are offering the media buying skills to their agency clients. Two larger agencies still, McCann-Erickson and CDP, have experimented with subsidiaries which look overseas advertising for agency clients.

Specific

So the advertising world is coming to terms with the fact that some advertisers want specific services rather than blanket coverage. This is understandable given the growing marketing sophistication of advertisers, and the shortage of good new recruits to advertising agencies in the last five years.

If the future is going to be more separatist, more à la carte, the sharper agencies want to be at the forefront. And the traditional structure could well be shattered if the Office of Fair Trading, and the Restrictive Practices Court, rule that the commission system, still the basis of remuneration in the advertising industry, is a restrictive practice which prevents competitive prices.

This matter may not be decided before 1978, and the Court may accept the need for IPA recognition to maintain standards while letting the commission system go by the board. For so practice a web of discounting and deals occurs to-day which ensures that advertisers not working through recognised agencies can get some of the commission for themselves from the media, and the independent media companies, in theory reduced commission because not generally IPA recognised, seem quite prosperous. Already fees account for over a third of the revenue of IPA agencies. Chris Ingrams (formerly head of creative consultancies and of the Media Department), Collyer Dashi, the Media Business, and Media Campaign Services, are kept busy working future, of British advertising.

'It can't be bought if it isn't there

A truism maybe. Put about by our founder J. Bede Egerton in the 30's.

It was a philosophy he preached originally and well...it made many young companies of the time change their ideas. They became his clients.

Put the straight forward common-sense of his ideas to work.

Over the years they grew to become household names with leading brands.

Today we still help companies improve their distribution and display.

The problem's more complex, but we've better techniques to help us.

Product availability is much more important than ever before.

In the old days when a shopper was told 'Sorry Madam, we're out of stock' she'd wait and buy later.

Today's impatient shopper doesn't hesitate...she reaches for the nearest similar product...the competitive brand.

More than a sale is lost.

The carefully planned and costly advertising that stimulated, but couldn't satisfy because the product wasn't there...just wasted.

We stand by J. Bede Egerton

and his truism on availability.

We make sure the product's there.

Our versatile and highly competent auxiliary salesforce teams still sell.

Sell hard...sell nationally.

Our merchandisers get it up front...in force. Create buyer interest...

generate shopper excitement.

We haven't stood still. Now CPM go a few stages further for our clients.

We create effective promotional strategies from start to finish. Concept, copy, design, artwork, production, through printing to packing, distribution and siting.

Premiums and special items needed...CPM will provide and despatch them.

Our complete service and flexible approach appeals to the well-established clients we've served so long...and the dynamic young starters too.

Perhaps because it works so well.

If we sound like a useful product we are available on-shelf at 17 Thame Park Road, Thame, Oxon, OX9 3PJ.

Reach instantly, ask for Richard Morris-Adams on Thame 3223.

CPM

COUNTER PRODUCTS MARKETING LTD
SALES PROMOTION SERVICES

Market research

MARKET RESEARCH is slowly, but steadily, hauling itself out of its recession. As a service industry its fortunes are inexorably tied to the national economy, and the confidence of its clients. When companies are in an optimistic and expansion minded mood they commission research; when times are tough (and research might be even more useful in offering guidance) they batten down the hatches.

This year there has been a welcome revival of business after two bad years. Even so the recession hit market research late, and was not so severe as many people had feared. No major companies collapsed: there were only two minor mergers (Burke, a large American research company, close to Procter and Gamble, acquired InterScan, and Schlackman merged Business Decisions with PPR); and by employing fewer people (by far the major cost area) the research companies have survived.

Uniform

There is a fairly uniform rise in turnover of around 15 per cent, which means some real growth at last. The new assignments come from companies evaluating new products and new advertising approaches; from retailers, who are getting more research conscious; and from the market research firms success in developing surveys in areas like drink, confectionery, meat, and children's markets, where research has been limited in the past. All in all research may cost British companies around £50m this year, but, while being knowledgeable about other industries, research expenditure itself is hard to quantify. In particular the amount spent internally inside companies (it is probably over £10m of the total).

There is a definite trend towards companies developing their own internal expertise in this area, as in advertising. Research is increasingly being bought ad hoc—employing a specialist research company to draw up the proposals and develop the findings, but buying out, on the market, the fieldwork, which is usually over 40 per cent of the cost of a survey, and the data processing of the results.

In acknowledgment of this trend two independent research companies, Public Attitude Sur-

veys and England Gross, have recently merged their field forces into a 500-strong team to be known as Pegasus and operating as an autonomous profit centre, working for their own research clients, and also perhaps for competitors.

But the big market research companies maintain their dominance by offering continuous research information. AGB, a public company, reflects the improvement in the industry by turning the first fall in its profits in 14 years of existence into an increased profit in the full year by over 10 per cent. Its improvement was clinched in July by the retention of the JICTAR contract for measuring the ITV audience which is worth over £700,000 a year, making it probably the biggest research contract in the world. AGB's other clients find essential for plan companies, Industrial Market

Research and RSGB, which specialises in the ad hoc field, also report more inquiries and assignments. AGB's great American owned rival, A. C. Nielsen, expects to slightly improve on its 1974-75 growth rate of 17.2 per cent to a £4m. plus turnover. It has added 14 new clients to its retail auditing, the cornerstone of its business, but also reports substantial improvements in test marketing and consumer testing, as well as its couponing house which handles millions of "money off" promotional vouchers.

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Industrial marketing

for clients like Vaux Brothers. The success of the agency and planning might give the impression that industrial marketing is a new thing. But it is not. It is a very old profession. It is a profession that has been around for a long time. It is a profession that has been around for a long time. It is a profession that has been around for a long time.

Specific industrial marketing involves use of research into markets, people, forecasting and planning, advertising and public relations, sales management and sales service. Stated like this, industrial marketing seems to be a very broad term. It covers a great deal more than just the selling of goods. It covers the entire process of getting goods from the manufacturer to the consumer. It covers the entire process of getting goods from the manufacturer to the consumer.

service This, of course, does not mean that he must fight against the market. He must be prepared to be a part of the market. He must be prepared to be a part of the market. He must be prepared to be a part of the market. He must be prepared to be a part of the market.

INTERNATIONAL SCANDALS with top management both of client companies and of his own company—the latter is often more difficult than the former. How important is industrial marketing? It is not helpful to draw up a rank order of importance for marketing, production, research, industrial relations and financial control. All these activities are important but marketing is at least as important as any of the others.

It is so important, are there things that can be done to improve the standard of industrial marketing? There are many factors in Britain to-day which militate against good marketing. Some of these are marketing factors which occur within organisations, others come from outside.

Of the former, the most serious is a monolithic management structure. Good marketing can only happen when the management structure is such that the decision-making managers are remote from the customers and the everyday sales problems, then it is unlikely that they (the managers) will possess the necessary understanding.

Such failings are more likely to occur in large companies than small ones and in State-run organisations than in the private sector. In fact, many large companies have succeeded in solving the management-structure problem by dividing the organisation into profit centres, each of which has its own marketing management. But the nationalised industries tend to be bad at marketing. Unfortunately for them there are two other factors which aggravate their inherent management structure disadvantage.

The first of these is a lack of readily identifiable competition. Such a situation tends to make

an organisation high-handed and indifferent in its dealings with customers, which is the antithesis of good marketing. The second disadvantage under which the nationalised industries labour is Government interference. All too often pressure is applied by Government on the nationalised boards to provide employment by making things which people do not want to buy. Concorde is a good example.

Another example of Government interference, also from the

variety of reasons companies fail to pay as much attention to industrial marketing as they should, argues Michael Ryan, who also pinpoints some of the sector's main problems.

aerospace industry, was the decision of the Trade Secretary to split the North Atlantic routes between British Airways and British Caledonian instead of allowing them to compete. Subsequently the department became worried by the low British share of transatlantic air traffic and started blaming the Americans. Any marketing man could have predicted the results of withdrawing one of the British brands from the market, namely the reduction in total British share.

Pressure

The private sector, too, is subjected to Government pressure in order to persuade it to make what are in effect bad marketing decisions, but the private sector is in a slightly stronger position to resist.

The prices and incomes policy is an aspect of Government action that is antipathetic to good marketing. The prices code distorts the normal market forces whereby resources are channelled into the provision of goods and services which the community and exporters need. Despite the intention of the code, there are instances in which it works to keep British goods and services underpriced, not only in the home market

but to foreign customers. This is true of any product or service where the customer can choose his point of purchase—advertisement space is an example.

In fairness to the Government there is another side to the coin. Not all Government departments are unaware of industry's marketing problems. The BOTB, for instance, provides many services to help export marketers.

But the most serious factor undermining good marketing is poor industrial relations. This has both direct and indirect effects. Strikes anywhere along the production chain, from stoppages in suppliers' factories through to transport and distribution problems, can result in late delivery which undermines all the efforts of the marketers.

The indirect effects are more insidious. By an action-reaction process, some management seem to become preoccupied with labour relations problems. In such cases marketing tends to be relegated to a lower priority, with the result that the company loses market share: an example is the motor industry.

Industrial relations problems also create a degree of inflexibility in production planning, causing decision-making to be slowed down and product modification to be difficult to introduce, so that customers get what it suits the company to make rather than what they want.

One final cross that industrial marketers have to bear is the habit of politicians of making pronouncements that are reported in the Press (perfectly properly) but which create ill will towards Britain in export markets. Fulminations against the Chilean Government, for instance, undermine our export efforts not only in Chile but in other South American countries too.

With so many things undermining our marketing efforts, what can be done? One thing needs to be said loudly, clearly and frequently: marketing creates jobs, it creates prosperity, it enables higher real wages to be paid, and it provides profits and incentives for investment. It is in everyone's interests that standards of industrial marketing be high.

MARKET RESEARCH COMPANIES

	Turnover £	Profit before Tax £		Turnover £	Profit before Tax £
AGE Research	5,253,824	679,049	Louis Harris	723,399	113,567
A. C. Nielsen	4,008,745	481,023	MAS	685,452	27,426
Research Bureau	2,059,389	43,950 loss	Stats (M.R.)	601,580	25,108
NOP	1,965,366	107,902	Taylor Nelson	573,538	3,116
BMRB	1,483,191	47,900	Schlackman Research	564,922	44,660
Research Services	915,466	6,028 loss	Public Attitude Surveys	534,444	39,010
RSCE	780,643	56,238	Mass Observation (U.K.)	392,594	25,652
Marplan	744,133	4,196	Social Surveys (Gallup Poll)	329,380	2,617

Market research

CONTINUED FROM PREVIOUS PAGE

is probably ahead of the industry, but they set a general trend.

There is, however, one area where the market research companies can expect little growth over the next few years—Government assignments which, along with work for local authorities and public corporations, had assumed considerable importance, amounting to £3m. a year plus. The expenditure cuts are likely to bite deeply here.

Financial research has also failed to fulfil all its promise, but British companies are picking up many projects in Europe because their costs are so much lower than their Continental counterparts.

This cheapness in British research is largely accounted for by the intense competition for jobs. There are over 20 major companies and more than 100 largely one-man bands fighting for assignments and often quite prepared to work on gross profits of 5 per cent. or less just to keep their personnel busy.

Research companies have been forced to get more business-like in the last few years, illustrated by the reductions in staff, the integration of field forces, and the tendency to contract out run-of-the-mill tasks such as computer processing, surveys, and reduced profits, because they are mainly organisations trying to provide the directors

with a comfortable living. There are rarely outside shareholders to keep happy, or, alternatively, the research company may be owned by an advertising agency which sees it as a useful business getting accessory.

Polarisation

So there is a polarisation in the British research industry between the larger companies, able to develop the continuous surveys which ensure regular fees from numerous, increasingly dependent, clients, and the small operators, fiercely undercutting each other to stay in business, and as a result skipping sometimes on the quality of the field force, the crucial element in research. But there are opportunities for the smaller firms if they can develop a specialised area, like advertising research, or research into children's markets, or the financial area.

There is also potential in industrial research. Capital goods companies are only slowly beginning to appreciate the need for research in helping them develop new markets, fix prices, and advise on acquisitions. There are only a handful of experienced industrial research companies, and this sector has received setbacks from individuals, made redundant, and lack of enterprise. This could back current growth-plans.

price market research consultants. This, in fact, is always a problem for research—anyone can enter the business and with persuasion pick up clients and then contract out all the services.

At the moment there are few exciting developments in the research industry. The only area where there is a chance of change is in advertising research where advertisers might be saved a million pounds or so if all the separate media research studies were integrated into one survey. But Nielsen, plus competitors Retail Audits and Stats (MR), seem to have sewn up the retail auditing field; to advise on new investment programmes.

There is still tremendous potential in the business, drawing in companies that have always assumed that the chairing habits, controls another man's wife knew best, or over budgets of the packaged goods companies and the second rank companies, like NOP, Louis Harris, and Gallup, prosper by running Omnibus surveys (regular operations where companies can buy questions on a wide-ranging questionnaire) which tend to flourish in hard times when clients cannot afford their own tailor-made research. 1976 Omnibus work is still doing well while more ad hoc work is also being commissioned.

The general picture for market research this autumn is one of more prosperity but an overall lack of enterprise. This could back current growth-plans.

well be because all the obvious areas of research are already satisfactorily covered, and the "new" sectors which have been promoted for years, such as financial and Government research are currently proving something of a disappointment. But all recessions have their advantages, and the research fact that the more esoteric services that found buyers in affluent times, such as the speculative psychological and behavioural research, are in decline. In 1976 research is being bought by companies for practical results—in particular to advise on new investment programmes.

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The general picture for market research this autumn is one of more prosperity but an overall lack of enterprise. This could back current growth-plans.

Personally addressed letters are opened and read.

And if the reader has been selected from a good mailing list, he'll be one of the people most likely to be interested in your product or service.

Direct mail offers marvellous opportunities to communicate your sales message, and imaginative, creative mail shots can drive it home.

You can send leaflets to tell people about your products and samples to get them demonstrated.

And you can make it easy to reply with reply paid cards.

If you want to know more about direct mail, fill in the coupon and send it to us. After all, we won't be able to resist opening it.

The Post Office

Direct mail does what the other media can't do.

Dear Mr Andrews,

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- 12 Cases for Direct Mail ☐
- Direct Mail List Building ☐
- Direct Mail Testing and Measurement ☐
- Direct Mail and the Law ☐
- Writing Sales Letters that Sell ☐

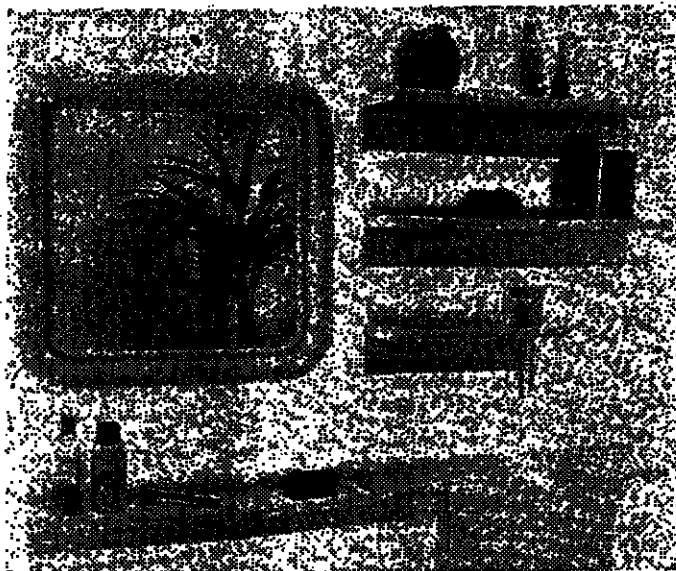
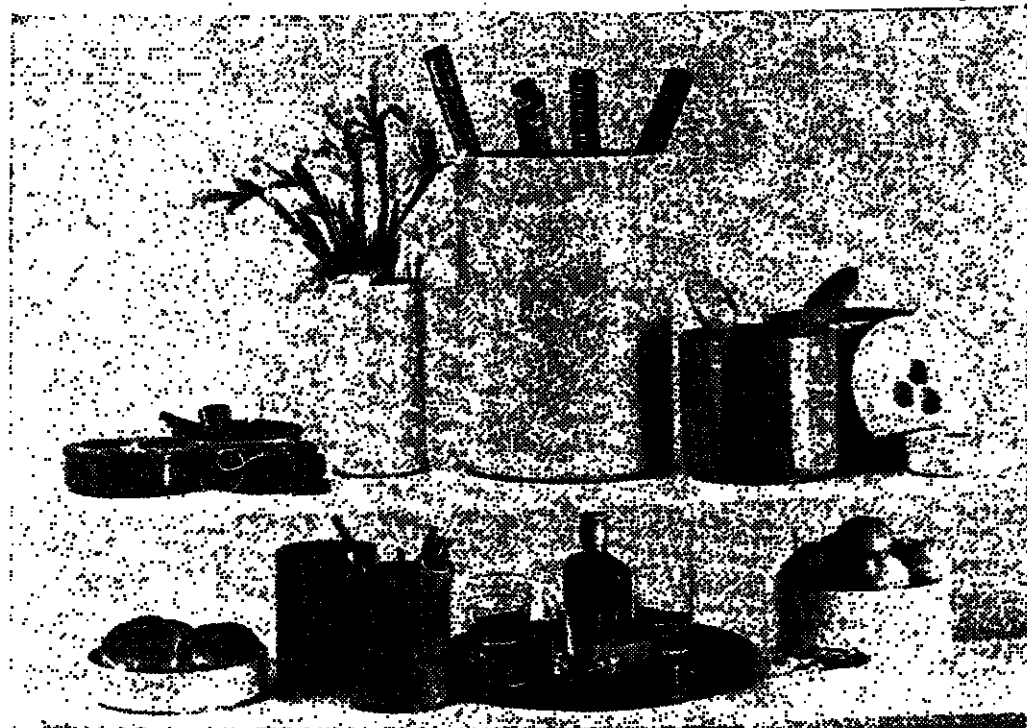
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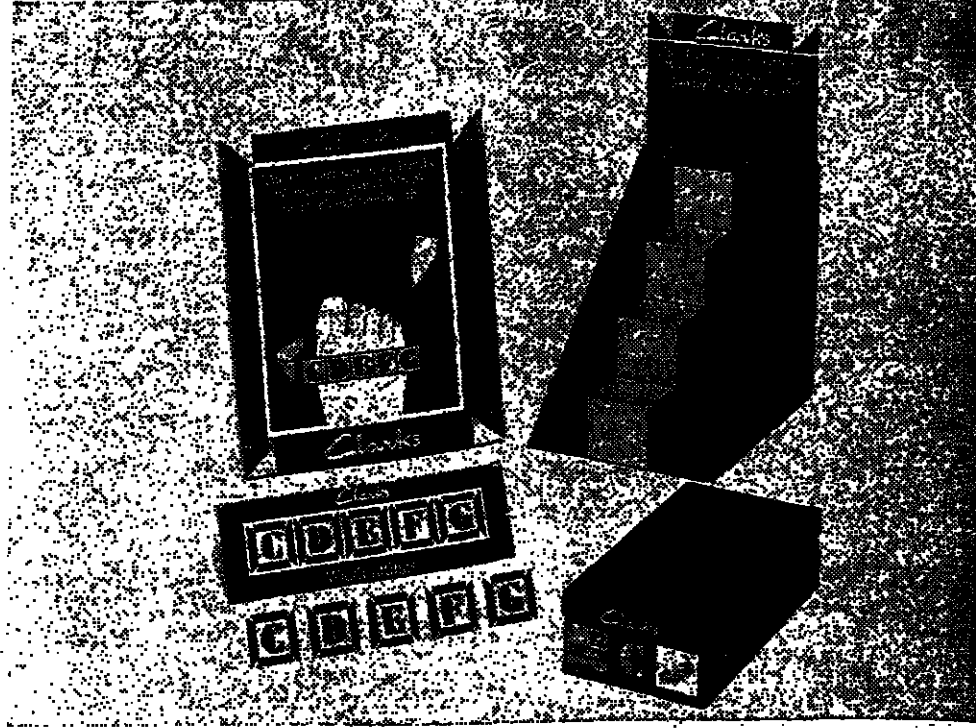
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Every direct mail shot has one irresistible headline.

ADVERTISING AND MARKETING XX



Some examples of recent design. Left and above: Conran Associates designed these containers and bathroom furniture for Crayon, a member of the Airfix Plastics Group. Right: Point of sale material for Clark's shoes designed by John McConnell of Pentagram.



Marketing design

DESIGN IS inherent in every aspect of marketing. A product is designed. The places in which it is manufactured and marketed are designed. The corporate image of the company which produces it is designed, and so are its point of sale material, packaging and advertising.

The trouble is that all these things may be designed, but only too often, the work is done by people who know comparatively little about the job: in other words by any willing or under-employed Joe the company happens upon at the time. The sales manager will help the production manager design the product, the chairman's wife (deferentially guided by the property manager) will design the offices, packaging will go to an advertising agency, which may produce handsome graphics but which has no knowledge of the economical construction of packages, and the corporate image—the message by which the company identifies itself to anybody with whom it comes into contact—this can go to the young lad in the advertising department who has just left art college for he's surely capable of running up a quick symbol indicating size and strength and designing some new writing

paper. It all smacks of asking a clutch of student nurses to perform a major operation.

This ludicrous state of affairs has only been intensified by current conditions of falling profits and the ensuing tight budgets, since many otherwise well-informed businessmen equate good design with inessential aesthetics and heavy expenses. Not to be considered when times are bad. Nothing could be further from the truth as is shown by the attitude of more enlightened companies. James Pilditch, in his recently published book "Talk About Design" quotes case histories of companies where design, far from being merely the icing on the cake, has actually contributed to cutting costs and increasing profits. It is significant too that Lord Caldecote, Chairman of the Delta Metal Company and of the Design Council, recently suggested that any company applying for Government aid must first prove its design ability "because self-evidently their need for financial assistance must reflect unfavourably on their design and design management performance... in cases where taxpayers' money is invested in manufacturing industry it is surely essential to take every possible step to ensure that the design expertise

which was lacking is in future adequately provided so that new investment may pay off."

If that applies to Government-assisted companies, it applies every bit as much to companies where only private money is involved.

Embarked

First-rate British design firms — and there are many — are currently feeling the cold blast of recession so badly that the smallest and youngest have often gone out of business, while even those with a firmer foothold have been obliged to forage overseas for work, and here their reputation is high. Thus British interior designers are exporting their services (along with many British products) in huge quantities to the OPEC countries (one firm, Fitch and Company, has set up a successful and growing office in Dubai), to the West Indies, Hong Kong, South Africa and, more surprisingly, to European countries whose economies are almost as shaky as our own.

Graphics designers have always been in demand overseas, particularly in Germany and France, and Banks and Miles, which has long had an office in Holland, has now embarked on a large corporate identity pro-

gramme for a cement marketing and manufacturing plant in Nigeria. The multi-disciplinary Conran Design Group, which works all over the world, has just been appointed by the Saxon Paint and Home Care Centres, a 30-strong retail chain in the Chicago area, to redesign all their packaging and in-store merchandising fittings, as well as rationalising their product range, developing textile departments and designing wall-paper and light fittings. And other product designers, notably those of the calibre of AID, Murdoch Design Associates and Ken Grange at Pentagram, spend an increasing amount of time plane-hopping from one overseas client to another.

The foreign currency earnings are welcome. Not so pleasant is the fact that—as far as the product designers are concerned—British talent is being employed to design goods which will often

Design is too often left to those who know comparatively little about the job, says José Manser, and falling profits and tight budgets have aggravated this situation.

be offered in the market place in direct competition with less carefully conceived British products—those thought up by the sales manager, etc.

If the picture I have painted is pessimistic, it needs to be. Trade figures tell a similar story, and even at the current level of the pound, with its effect on the price of foreign goods, the British consumer often prefers to buy a well-designed foreign product.

Ambiance

Nevertheless, there are examples of British companies, unshackled by ignorance, who have always used design as a marketing tool and who will continue to do so. Among retailers, for instance, J. Sainsbury and Co. have spacious shops with an appropriately fresh and orderly ambience. Their own-brand packaging is informative, dis-

tinctive and attractive, and their point of sale graphics have a rare clarity, quite unlike the hand-lettered, slovenly notices which bedeck many food chains. Offices in London are designed well enough to please staff and raise output, and company publications are attractive to read. J. Sainsbury, need I add, is successful.

Among manufacturing companies Hille and Form International, a small private company, is one of the few modern furniture makers of note, with a large percentage of its sales being overseas. Again no link in the chain is neglected. The products, the premises, the company graphics and the advertising all bear the handmark of top designers. In other words, there is real design management in that company, and design management, a subject in which a chair, endowed by the Wolfson Foundation, has just been established at the Royal College of Art, is what it is all about.

It is not coincidence that at both Sainsbury and Hille, the men at the top of the management pyramid, John Sainsbury and Leslie Julius, take a per day of the school holidays being of peak sales times. McConnell's prescription was for brilliantly coloured and moveable point-

of-sale aids, which by crisp lines and red, blue, and green colour scheme, took the form of gay decoupage panels, amusing and informal but also a soft sell for a distinctive footfall.

Arrival

In yet another company, C. J. Clark, the Somerset shoe manufacturer, it is the arrival of a new company chairman, Lance Clark, recently returned from Australia, that has resulted in a spate of design activity. Sold in 1,800 small independent shops, Clark's children's shoes are a strong line, but Lance Clark foresaw that a new marketing policy was needed to fend off encroaching competition. After investigating the work of several design firms (another important and often neglected management task, for there are bad designers as well as good, and selection is vital), he appointed John McConnell, of Pentagram Design Partnership, to advise him. A well-established line was being sold in often rather dull shops. There was rarely room for a separate Clark's department, all its aspects. There are, justified as trade fluctuates wildly: after 4 p.m. and the last day of the school holidays being of peak sales times. McConnell's prescription was for brilliantly coloured and moveable point-

of-sale aids, which by crisp lines and red, blue, and green colour scheme, took the form of gay decoupage panels, amusing and informal but also a soft sell for a distinctive footfall. It nated, window signs and service stands. Since they represent about 75 per cent of stock in most outlets, suggested they brought boxes from behind concealing curtains and redesigned them so newly bright green, they a vivid wall of colour. Clark's were proclaimed on the newly designed bold lining. Clark's will now stand as a separate entity in what often a somewhat unappealing background. Clark's like scheme, it is currently implemented in 300 top out and McConnell is working parallel plans for men's women's shoes.

These are three success stories where enlightened management employs design in all its aspects. There are, of course, many others, but they would attribute malaise which afflicts so many of our industry to lack design policy, but it is patently one thing which could contribute to a resurgence.

Church

...the church...

Decisions investment

...the investment...

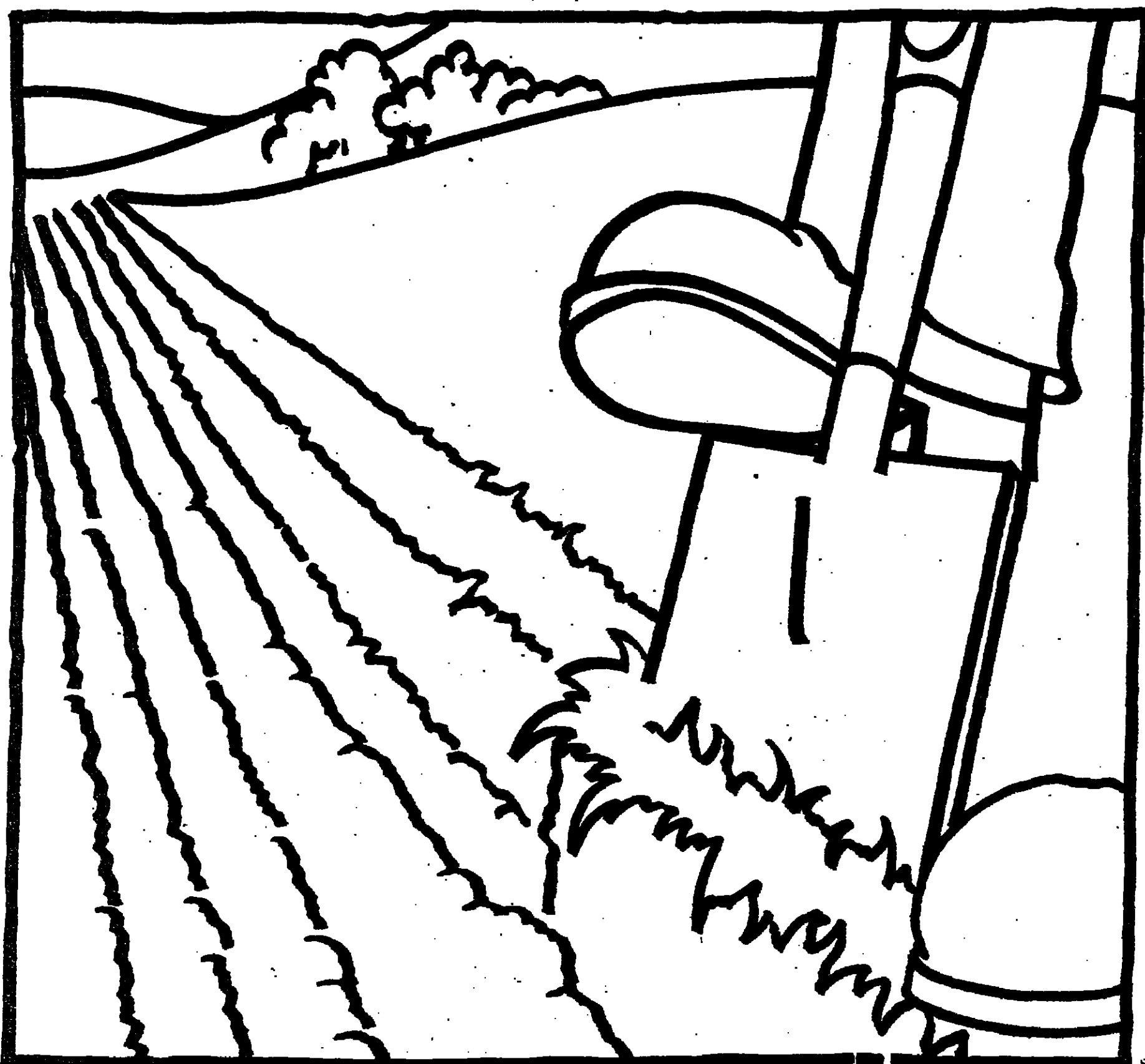
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Sources: January-July 1975-June 1976, BRAD September 1976, and current rate cards.

مكتبة الجليل

Mr. Gierek up against it

By CHRISTOPHER ROBINSON in Warsaw and DAVID LASCELLES in London

It has an East European tremor reached every corner of the Polish people. Mr. Edward Gierek, the man who has been at the head of the Polish government since 1970, is now facing a crisis of confidence. The Polish people are beginning to see through the facade of the Gierek regime. The Polish people are beginning to see through the facade of the Gierek regime. The Polish people are beginning to see through the facade of the Gierek regime.

genuinely consult with the explosive. The government has lost much of the credit it previously had for raising wages by 7 per cent. a year and improving supplies of consumer goods. But people have relapsed into a resigned frustration. There are still queues at the shops; meat is short, sugar rationed, and the highest rumours lead to panic-buying, the latest example being matches. The events of the summer have not helped to solve the economic problems, principally a wide gap between supply and demand on the home market, and a worryingly large foreign debt. This year's poor harvest, the third in a row, has made them more acute.

hooligans show that he intends to treat the workers with the utmost respect. It also shows a realistic appraisal of his political possibilities in a situation where other East European Governments might well bulldoze their way forward. To what extent he is acting from extreme caution or uncertainty about what to do next is debatable. No doubt issues are being urgently discussed behind the grey stone walls of the Polish party headquarters. But there is nothing yet to indicate that any strategy has been decided upon beyond appealing for public co-operation in frank-sounding speeches, and promising the fullest consultation. One potential source of pressure, at least, appears to be still. The other Warsaw Pact countries, the Soviet Union in particular, believe that the situation is best left to the Polish leaders. Any toughening in Mr. Gierek's position would not only be counter-productive; it would immediately be ascribed to interference from Moscow, and that would be dangerous. There has been no word, but much speculation, whether the Russians are helping Mr. Gierek financially. If they are, there are two possibilities: credits or relief from investment commitments in joint Comecon projects. According to the latest reports, though, the Poles are still participating in the construction of the Orenburg gas pipeline, the largest current Comecon project. There should be more news about the Russians' attitude in the next few days. Rumours are circulating in Warsaw that Mr. Gierek will visit Moscow this week to see Mr. Brezhnev. While such rumours always

Commissions

Officially, the way forward now lies with a group of five party commissions set up to examine the problems in depth and report to the next party conference in 1978 when a decision on prices will be taken. No doubt these investigations will give people a chance to air their grievances; they might even alert Mr. Gierek to the popular mood which he plainly misjudged last June. Like some commissions elsewhere, those in Poland look suspiciously like a device to allay public feeling, the more so since the price rises in June were announced supposedly after careful and profound analysis of the economic situation. If Mr. Gierek is now playing for time, he can hardly be blamed so long as the key factor remains the mood of workers from whom he must ultimately coax the production needed to supply the home market and pay off the foreign debt. His hasty retreat over prices and the reduction of the sentences on rioters (who were described in official circles at the time as

Church

What is potentially more significant is the intervention of the Polish Catholic Church, the most formidable non-party organisation in the country. The bishops recently issued a communiqué calling for an amnesty for workers who had suffered for taking part in the protest during June, and demanding that the authorities respect civil rights and

Letters to the Editor

Forward view needed

Sir—May I have read the letter from my friend and competitor, Frank Taylor, (October 1), in the high interest.

A need to go bust?

Sir—May I congratulate Joe Gally on the first sentence of article "The real reason for the slide," September 28. I led, the British sickness is "chological and is not something which will be cured by tending with our institutions. We have recently been invited to participate in a service to many directors which, it is said, will cover such subjects as "Getting those school fees your back-tax free." The clever way to buy—and sell, "company." "Moving your assets abroad: what are the legal phosies?" "How high earnings escape a whole tax year—ally." Frankly, if these are the concerns of company directors in the post-war era, they might well pack up and emigrate to a dynamic utry like Ethiopia. It is still far easier to make money than to make a product far easier for a political ty to achieve power by adopting a safe comfortable middle class. There is cynicism about the motives of our political ders, the motives of our civil vants, the motives of our once peable business institutions, ability of the leaders of our ustries and the real political ection of the trade unions. f Britain was a business arprise, any reasonably intel- ent management consultant ould see the need to reorganise management structure (that is Government). The constant would see the administration (that is, the civil servant) unwieldy and inefficient. It could see that its selection and izing schemes (that is, the civil ould be failing to produce men ability. He would also be able identify the profitable parts of enterprise and give them ouragement, he would pro- grammes for the non- itable parts to become pro- ble or else. He would look the total work force and ide that any slack must be en up by expansion or re- ved by redundancy (that is, igration). He would look for ous simplification of the ounting system (that is, tax y) and budgeting methods. The hypothetical management ulant would only be say, and industry give serious con- sideration to a simple proposal which may well be the only course this country can now deb. are necessary in Britain follow other than retreat steadily n the fairly easily developed into a state of economic

Decisions on investment

From the Managing Director, Common Rubber. Sir—Mr. E. Palamoutain (September 29) has unfortunately missed the point I was seeking to make (September 23) and as it is fundamental to our economic predicament, perhaps you will allow me to clarify. When a fringe bank has collapsed, its depositors, initially no doubt attracted to it by the higher rates it was able to pay because of its riskier and now worthless investments, have all or been bailed out and rescued by the Bank of England. This Mr. Palamoutain does not dispute. In striking contrast both Rolls Royce and British Leyland made rights issues two or three years before they in effect went into liquidation and the investors who had put their money into modernising our industrial capability lost nearly all their funds. They were not similarly guaranteed against loss by the Bank of England. What I fail to see is how a nation which has to live on its industrial production and exports can afford both a Government and, no doubt stemming from its priorities, a financial structure which believes that usury is so desirable that it should always be risk free and highly rewarded, but that industrial investment is so marginally beneficial to the economy that it is not possible to secure full employment by inducing inflation. In fact, he has gone further and said that it never was possible to do this. It would be gratifying to have a statement from all living past Prime Ministers that the economic principles which have guided their actions for the last 35 years have been wrong and will be heard of no more. R. E. Jenks, Westfield, Wolverhampton.

Employment and inflation

From the Managing Director, A. E. Jenks and Cattle. Sir—So it was left to a Labour Minister to tell his followers that it is not possible to secure full employment by inducing inflation. In fact, he has gone further and said that it never was possible to do this. It would be gratifying to have a statement from all living past Prime Ministers that the economic principles which have guided their actions for the last 35 years have been wrong and will be heard of no more. R. E. Jenks, Westfield, Wolverhampton.

The no-claims bonus

From Mr. I. Forsyth. Sir—I was interested to hear Mr. Denis Healey on Wednesday night refer to the utilisation of the U.K.'s special drawing rights as claiming under an insurance policy. Perhaps he could be reminded that as the analogy can only be to a non-life policy, the normal penalty for making a claim is to be subsequently charged a higher renewal premium or to lose all or part of the no-claims bonus. Ian P. Forsyth, 71, Winkworth Road, Boreham, Surrey.

No incentive to go on

From Mr. A. Lloyd. Sir—The probability of a mini-Budget and the future of sterling are closely linked. If the Chancellor raises indirect taxes, he must surely have the courage to reduce the higher rates of tax to 50 per cent. This

One area of growth

From Mr. E. Woodhams. Sir—I am appalled at the size

Changing banks

From Mr. M. Page. Sir—The view expressed by Mr. G. Chase (September 25) that the man in the street could express an opinion on nationalisation if the banks were nationalised, is perhaps a little naive. Undoubtedly in the event of nationalisation I would wish to take my company's and my own bank accounts away from the nationalised bank, but one must face the fact that if everybody were to do this, those banks which remain un-nationalised would be unable to cope with the increased volume of business. Both from the point of view of administration and financial resources. Prudence would therefore make me leave my accounts where they were, at least initially, although I object to the forced and unwanted nationalisation of what I consider to be an efficient banking service. M. E. Page, Electro-Alloys, 47, Brunel Road, London, W.3.

It can damage your wealth

From Mr. S. Wilson. Sir—Last Tuesday your readers were invited to apply for the second tranche of the Treasury 11 per cent 1979 stock and on 11 day application and payment was due. It was possible to buy the first tranche of the identical stock in the stock market some point and a quarter cheaper than the published issue price. Yet nowhere did the prospectus carry the simple warning that purchase by application might not necessarily be in the best interest of the investor. Is it not curious that the State insists that we should be made aware of the dangers of our smoking habits, yet withdraws their protective mantle completely when they are after our money? Simon Wilson, 1, Stifford Mansions,



Cardinal Wysinski (left) and Mr. Gierek: no head-on confrontation.

flourish at times like these, it reached the technical limits of indebtedness through heavy borrowing in the past five years. With every week that passes, Mr. Gierek's. That is why much speculation has focused on Mr. Jaroszewicz's future, and Mr. Gierek and his Government. But the sober feeling in Poland is that the present situation would best be served by a measure of continuity and both have busy official schedules for the autumn. It is change, even though past events true that the people want have shown how quickly the changes in policy, and will only mood can alter.

To-day's Events	
GENERAL	Parliamentary Business
Treasury issues figures of U.K. official reserves for September.	House of Lords: Education Bill and Sexual Offences (Scotland) Bill, committee. Motor Cycle Crash Helms (Religious Exemption) Bill, second reading.
International Monetary Fund annual meeting begins, Manila.	Official Statistics
Special meeting of EEC Commission considers effect on Community budget of fall in value of sterling, after which proposals are expected to be put to Mr. John Silkin at afternoon meeting of EEC Agriculture Ministers in Luxembourg.	Retail sales (August, final). Fire purchase and other instalment credit business (August). Investment intentions of manufacturing, distributive and service industries (1976 and 1977). Capital issues and redemptions during September.
President Giscard d'Estaing of France begins four-day State visit to Iran.	COMPANY RESULTS
CBI Employment Policy and Taxation Committees meet.	Currys (half-year). Marshall Cavendish (half-year). Rugby Portland Cement (half-year).
Japan Civil Aviation Bureau begins discussions with American Civil Aeronautics Board on Region from Paddington.	See Week's Financial Diary on page 41.

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COMPANY NEWS

Asda's "massive" capital programme

THE MOST successful trading by Associated Dairies in the year to May 1, 1976, has enabled the Board to embark with confidence on a massive capital development programme during the course of the next 18 months, says the chairman, Mr. A. N. Stockdale.

The fact that the directors have embarked on such expenditure reflects the confidence they hold for the future, he adds. Year-end capital commitments were £8.1m. (£4.1m.) contracted and £4.2m. (£2.9m.) not contracted.

New supermarkets were opened at Kirkby, Chesham and Cambs, in addition to which two smaller units in Manchester and Birmingham were opened in August and October respectively.

During the current year, investment on the above amounted to some £2.5m, in addition to which £2.1m. was expended on existing stores.

Since the year-end, new stores have been opened at Dyce, Costbridge and Birkhead and at the moment a further eight stores are in the course of construction, representing a further investment of £1.5m. An additional £1.5m. has been authorised for up-dating existing units.

He reports that the Lofthouse meat factory is now paying dividends, and the introduction of made up meat products into all the company's major stores resulted in a substantial increase in turnover.

Demand for pre-packed fruit and vegetables has been such that the capacity of the produce warehouse has become inadequate, plans have been submitted to the Government for permission to erect purpose-built premises which will house fully automated packing plant. This should be in operation early next summer costing £1.5m.

On dairies, the chairman says in spite of the increased cost of liquid milk to the consumer over the past year, mainly due to the Government cut in subsidy, sales throughout the division were more than maintained.

The 33m, Newcastle-upon-Tyne dairy should be operational in early 1977.

Improved installations carried out at the cheese factory in West Harton enabled the company to increase its throughput. It is proposed to further extend these premises at a cost of £1.5m., he says.

As reported on August 26 group pre-tax profit for the past year was £14.72m. (£9.88m.) net dividend 1.2449p (1.1618p) net and a one-for-three scrip issue is proposed.

Meeting, Leeds, October 27 at 2.30 p.m.

NEW NORTH SEA JOINT VENTURE

To exploit opportunities arising for the provision of large and often complicated structures for the offshore industry, Foster Wheeler Power Products, Motherwell Bridge Offshore and William Press Production Systems have

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

TODAY
Interim: Advance Laundries, Dale Electric International, J. E. England (Wellington), Jore Investment, Marshall Cavendish, Ruzzy Portland Cement, Change Wares, Gray Electronics.

FUTURE DATES
Interim: London S.W.S. Oct. 5, Gil and Duffie Oct. 7, Hill (H. and J.) Oct. 7, Ruberoid Oct. 7, Thomson Organisation Oct. 6, Bird (Africa) Oct. 15, Brantford Oct. 15, French (Thomas) Oct. 15, Kalamazoo Oct. 15, Petrobras Oct. 15, Wenhart Foundry and Engine Oct. 5.

COMBINED TO FORM A NEW COMPANY
F.W.P. MBO and WPPs have worked on 31 North Sea platform contracts, loading out over 40,000 tonnes of topwork and structural members in the past three years.

G. Wills midway downturn

ON A TURNOVER up from £23m. to £27m., pre-tax profit of importers and exporters George Wills and Sons (Holdings) Ltd. has increased from £430,000 to £110,000 in the first half of 1976. Tax takes £37,000 (£220,000).

However, the directors are confident that they will be able to pay maximum permitted dividends which will be well covered. The interim dividend is lifted from 0.715p to 0.73p net per 25p share. Last year's total was 1.26p from pre-tax profits of £233,000.

J. Walker sales rising

Since the top rate of VAT has been reduced current sales of James Walker Goldsmith Trust, Silversmiths have increased to the extent that turnover is showing a record increase for this time of the year, says the chairman, Mr. G. S. Sanders.

During the year to April 30, 1976, new branch opening was restricted, particularly as the company is reluctant to invest the large capital sum required to fit out a modern jewellery shop in some of the new shopping developments, because the rent is subject to a three or five-year review.

Over the past years a number of old established family businesses were acquired which continue to trade very satisfactorily under their original names. The directors hope to utilise the considerable cash resources to add to this number when opportunities occur.

As known pre-tax profit for the past year decreased from £2.76m. to £2.65m.

The group operates through 126 well Bridge Offshore and William Press Production Systems have

Beaumont Props. advance

PROPERTY REVENUE of Beaumont Properties advanced from £807,350 to £867,000 for the six months to March 31, 1976, and the directors expect considerable trading profits in the second half.

Property revenue - includes property trading of £37,750 (£13,500), investment income of £28,000 (£28,000), but after charges of £27,000 (£28,500) and interest charges of £369,335 (£377,355). Tax took £203,750 (£170,000).

An unchanged interim dividend of 1.1375p net per 25p share has already been paid. Last year's total was 2.8648p after property and general revenue of £1,333,120. Earnings for the half year are stated at 1.23p (1.03p) per share.

Newall export growth

In spite of increased turnover of stocks of Naval Machine Tool Company were reduced as were interest charges on borrowings.

Satisfactory arrangements have been made with the Department of Industry and with the company's merchant bank for the repayment of outstanding loans, says the chairman, Mr. K. M. D. Mills.

As reported on September 17 pre-tax profit expanded from £198,904 to £278,324 in the year to March 31, 1976, mainly due to the policy of concentrating upon export markets to the extent that 42 per cent. of sales went abroad compared with 26 per cent. in the previous year.

On the whole, the present order situation is such that activity in most parts of the group will be fully maintained for the remainder of the current year. Outstanding order books at Peterborough and Kelthley contain 53 and 84 per cent. of export respectively.

The programme of increasing the group's present range has been actively pursued, including a joint venture, a distributorship agreement and newly developed products of the company's design.

Furthermore, plans for factory re-equipment throughout the group are proceeding satisfactorily, the chairman adds.

The improved results have enabled the Board to recommend the payment of a modest dividend (0.4873p net) for the first time since 1971.

Minden Trust holds 11.8 per cent. of the Ordinary.

Mr. Mills is retiring as chairman after the AGM at Peterborough, October 25, noon. He will be succeeded by Mr. A. Murray.

Bourne & Hollingsworth

GROUP TURNOVER of departmental stores, Bourne and Hollingsworth, decreased from £3.51m. to £3.35m. in the half year to

August 14, 1976, and pre-tax profit slumped from £188,000 to £90,000.

Since August 14, however, turnover has increased by 9.4 per cent., the directors state.

An unchanged interim dividend of 1.23p net per 25p share is declared. Last year's total was 2.875p from profits of £339,143.

J. Lyons to reorganise in Ireland

The Board of Lyons Irish Holdings announces that the holding company, J. Lyons and Co., has taken steps to re-organise its affairs in Ireland. A new wholly owned Irish subsidiary company, Lyons Irish Enterprises, has been set up which will hold all JLC interests in companies in Ireland, including the 75 per cent. shareholding in Lyons Irish Holdings, although the shares in Lyons Irish held by J. Lyons will be transferred to the new company, the ultimate control and ultimate beneficial ownership will remain unchanged.

FT Share Service

The following securities have been added to the Share Information Service:—

Bridgend Processes (Section: Industrials (Misc.)), Epicure Holdings (Section: Hotels and Caterers), Molins (Section: Engineering, Machine Tools).

Also a new section comprising 10 of the most important Brazilian shares have been inserted in the Overseas Share Information Service.

MARTIN-BLACK — RONSLEY

The chairman of Martin-Black, Mr. John Goodlet, whose company is currently making a 4p share bid for Ronsley Investments, explains in his formal offer document to Ronsley holders that in 1975 the managing director of Glover Group, which is 40 per cent. owned by Ronsley, had approached Martin-Black, fearing that proposals made by Arthur Lee and Sons, which recently offered 4p for Ronsley, might lead to a loss of independence for Glover.

Mr. Goodlet goes on to explain that if Martin-Black succeeds in its offer for Ronsley, it will make an offer for the remaining shares of Glover for which it has already the agreement of holders of over 70 per cent. of the Glover shares concerned.

"In such circumstances it would be Martin-Black's intention that Ronsley's holding in Glover should be transferred to Martin-Black (to minimise capital gains tax liability) at a price of 61.5p per Glover share. This would leave Ronsley holding mainly cash and with a net asset value per share of around 31p.

BRABY LESLIE

As a result of the rights issue in July, 1976, and taking into account previously acquired holdings, Industrial and Commercial Finance and its associate Estates Duties Investment Trust now own respectively 1,006,300 and 312,723 Ordinary of Braby Leslie representing 13.5 per cent. and 4.2 per cent. of the equity as so enlarged.

F. PRATT

F. Pratt Engineering Corporation is negotiating for the disposal of its wholly-owned subsidiary Pratt Precision Hydraulics Ltd. The proceeds, which are expected to be payable in cash will be used to assist in the company's plans for continued strengthening of its position in world markets. The transaction is not material in relation to the assets of the company.

SINGER — ICH

The Singer Company has substantially completed the transfer of its business machines division activities, outside of the U.S. and Canada, to International Computers (Holdings) of U.K. pursuant to an acquisition agreement signed in April.

Under the terms of the agreement, I.C. is to provide service and support for Singer manufactured or supplied business machines equipment installed in the related countries. The transfer price to be paid over a period of approximately four years.

SHARE STAKES

Jones Stroud (Holdings) has bought a further 13,000 Fotherhill and Harvey Ordinary shares. Total holding is now 2,618,296 shares (36.86 per cent.).

Tiger Oats and National Milling has bought a further 35,000 J. Bibby and Sons Ordinary shares. Total interest 2,443,150 shares (29.82 per cent.).

Prudential Assurance Co. has sold its holding of 592,250 3 per cent. cumulative preferred stock of City and International Trust. Prudential continues to hold 1,366,320 Ordinary shares (12.2 per cent.).

BIDS AND DEALS

Barclays Bank buys UDT (Hong Kong)

United Dominions Trust has sold for £2.5m. cash to Barclays Bank International its wholly-owned subsidiary, UDT (Hong Kong).

UDT (Hong Kong) was formed in 1973 as the holding company for UDT's initial investment in South East Asia when jointly with Jardine Matheson it established Jardine UDT.

The consideration, equal to \$HK20m., compares with a net asset value at March 31, 1976, of \$HK10m. The net profit before tax of UDT (Hong Kong) for the year ended on that date was \$HK2.35m.

UDT also announces that following the decision of the Federal Military Government of Nigeria to acquire compulsorily 80 per cent. of the capital of the principal banking companies in Nigeria, it has sold to the Nigerian Government 60 per cent. of its merchant banking company, UDT Bank (Nigeria).

Barclays Bank International has concluded negotiations with the Nigerian Government for the latter to acquire a further 11.67 per cent. of the capital of Barclays Bank of Nigeria. Barclays share in the equity will be 71.67 per cent. as required under the terms of the recently announced Government policy for industrialisation.

Under the agreement with government, Barclays will continue to provide technical and management assistance to Barclays Nigeria.

CARNAR JOINS TOSHIBA

Carnair Developments of Malden Road, NW, which markets the Toshiba range of microwave ovens, has become the microwave oven division of Toshiba U.K.

Formed in 1973 to market TV and hi-fi products in Britain, Toshiba (U.K.) is a subsidiary of Tokyo Shibaura Electric Company, one of Japan's "Big Five" electrical firms. "This step will enable full advantage to be taken of the current expansion in the microwave oven market," Mrs. Sally Broad, former managing

director of Carnair and now general manager of the new Toshiba division said.

UNILEVER DEAL WITH ROWNTREE

Agreement has been reached whereby Unilever will acquire Anglia Data Services (U.K.) from Rowntree Macintosh.

Unilever proposes to retain the business in its present trading form but will place it under the control of its wholly-owned subsidiary Unilever Computer Services.

Amounts involved in this transaction are not material in relation to the assets of either company.

PROPERTY HOLDING

Property Holding & Investment Trust announces that completion has taken place of the sale of the freehold site at Thorney Court, Palace Gate, W., for the sum of £12m. No income has been received from this property since 1972. Pending re-investment the net proceeds, together with other amounts arising from the cash flow, have been placed on deposit with bankers. At September 30 such deposits amounted to £2.5m.

ELLIS & EVERARD — ALBRIGHT

Ellis and Everard (Chemicals) has signed a distributorship agreement with Albright and Wilson, appointing it as sole national distributors in Great Britain for two tonnes and less of a range of products manufactured by their phosphates sector as from November 1, 1976. The aim is to improve the service to Albright's customers through Ellis and Everard's 17 U.K. branches.

BRENT CHEMICAL

Brent Chemical International's offer for Saviles Hydrological Corporation is now unconditional. Acceptances have been received in respect of 6,000 Deferred (100 per cent.) and 47,350 Ordinary (88.65 per cent.) in SHC.

Wintrust-Szpiro family holding up to 46%

The Szpiro family holding in Wintrust, in the shape of chairman Mr. George Szpiro and joint managing director Mr. Richard Szpiro, has risen from 42.5 per cent. at August 27, 1973, to 46 per cent.

At the moment, Mr. G. Szpiro holds 15.3 per cent., Mr. R. Szpiro 14.5 per cent. and Neset Investments (Company) 16.2 per cent. Neset holding is a trust created by Mr. G. Szpiro and Mrs. H. Szpiro as a settlement for the benefit of the family.

a further 145,000 Provincial Cities Trust Ordinary shares. Total interest is 1,839,500 shares (27.62 per cent.).

Central Province Ceylon Tea Holdings—Bandana Holdings has acquired a further 5,000 Ordinary shares and as at July 25 held 710,500 shares.

Albert Fisher Group. Mr. A. Fisher holds a power of attorney for Mrs. K. Brookes and the combined holdings of Mr. Fisher and Mrs. Brookes as at September 23 was 464,477 shares (11.6 per cent.).

CAVENHAM—Present holding of the General Occidental Group is now 53,273,101 shares (50.92 per cent.).

Amber Day expect further progress

SALES AND ORDERS for the current year of Amber Day Holdings show a healthy increase and, subject to the successful containment of costs, another year of steady progress is envisaged, says chairman Mr. R. Metzger.

The Board is currently considering plans to increase productive capacity of the manufacturing division, and a North of England site has been acquired for erection of a 100,000 sq. ft. factory.

A recent sale and lease back has further improved the company's strong liquidity position by £400,000, the chairman reports.

At the year-end the group had bank and cash balances up from £134,895 to £113m.

The year ended April 30, 1976 was a difficult one, but the group's policy of diversifying into many fields within the clothing industry proved successful in helping to produce pre-tax profits up from £846,243 to £220,366 on a turnover ahead from £11.94m. to £15.38m.

Inquiries from the Middle East, U.S. and Scandinavian countries were both "interesting" and "frustrating." The results of which are reflected in the increase in export sales from £22,412 to £224,411, says the chairman.

As reported September 15 the dividend is raised from 1.3785p net to 2.08p, as forecast, on capital increased by last week's December's one-for-one rights issue. A one-for-five scrip issue is also proposed.

Meeting, Churchill Hotel, W., October 26 at noon.

Capper-Neill restructures

Changes in the structure of Wm. Neill and Son (St. Helens), the main fabricating subsidiary of the Capper-Neill Group are announced.

The major innovation is the formation of a new company, William Neill Holdings, to develop and co-ordinate the profitable expansion of the heavy and medium work fabricating units in the North West. This holding company will also embrace the group's Newton-le-Willows plant, Capper-Neill Industrial Products.

The two fabricating divisions of Wm. Neill and Son, an entertainment side would become independent manufacturing companies each with their own board of directors.

The resources of Wm. Neill and Son will now be concentrated entirely on the fabrication of pressure vessels and this important product area will be expanded, announcing the new structure.

Associated Leisure Represives on the Board, asked for the company's shareholding about 25 per cent. in the said it was regarded as a long-term investment.

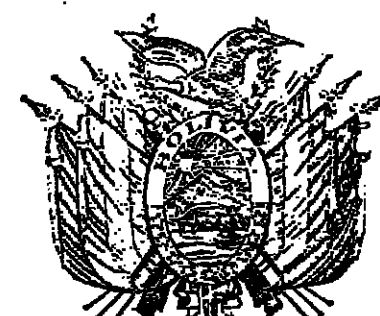
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Term (years) 3 4 5 6 7 8 9 10
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Rates for larger amounts on request. Deposits to, and further information from, The Chief Cashier, Finance for Industrial Limited, 91 Waterloo Road, London SE1 8XP (01-838 75 Ext. 244). Cheques payable to "Bank of England, a/c FFI". FFI is the holding company for ICF and FCI.

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SEPTEMBER 22, 1976

Wood Gundy Limited

is pleased to announce the opening of an office on 1st October, 1976 in

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مكتبة الامم المتحدة

They'll be fighting on the beaches

BY LODESTAR

THE JULY the heading to this column was "South Africa's threat to Australia's beaches." It was the story of the Elton Richards Bay project in Natal in which the major protagonists are Union Corporation, Canada's Inco, the American Iron and Steel Corporation and South Africa's Industrial Development Corporation. It was at the time that the Australians would have to look furthest over their shoulder towards the eyes in 1978 when South Africa will be providing strong productive competition.

The subject was beach sand in the supply of which Australia has always regarded itself as being predominant. It is ill is. But the major producer, the Consolidated Gold Fields Group's Associated Minerals Company, is the latest annual report recovered from South African threat. In discussing the threat to zircon it is reckoned that with the additional production expected from Richards Bay the world supply position is just looking very favourable to consumers."

Government has made up its mind about re-thinking of zircon pricing policy.

What a bore!

Teutonic Bore. It is amazing how hitherto unheard of names like Teutonic Bore can come to the fore and bring a rush of blood to the head of the speculative share fraternity despite all the lessons learned in the past. This new area, as already recorded in our columns, is the zirconite corporation and the Selection Trust-MIM Holdings partnership.

Since it was first announced last month Selection Trust shares have lingered at not far from Friday's price of 85p. But the prospect of Australian off-shoot Selestat Exploration have shot up from 34p to 90p before reacting to 76p although the company only has a 12 per cent interest in the project. The shares of other concerns such as Jones Mining and North West Mining which have staked claims in the area have also fluctuated. In the meantime, the zirconite corporation's shares have been

come along in its chosen candidate next year after Territory's high wet."

In such circumstances wonder that the Pancontinental's Board of Directors to Institute suspension was entitled "Australia—will it ever be a paper plus. This paper plus is published at the same time as the 212. Meanwhile, the Sydney that he believed to have the printers, awaited with baited share market. were £13 on Friday.

Platinum hour

Mr Ian Greig Robinson showed caution last week in his outlook for their respective Impala and Rustenburg

This threat has another implication for Australian producers, one that could even be favourable. It could break the unpopular minimum price for

proposed without regard to the interests of the Australian Government and there are handicapping the country's competitive position rather than improving it. The proposed inclusion of the Northern Territory in the Tarmona Station north of Lennora in Western Australia "out of all proportion to the benefit to be derived from this group metals" is "voluntarily" saying that the Australian Government is "handicapping the country's competitive position rather than improving it." The proposed inclusion of the Northern Territory in the Tarmona Station north of Lennora in Western Australia "out of all proportion to the benefit to be derived from this group metals" is "voluntarily" saying that the Australian Government is "handicapping the country's competitive position rather than improving it."

Iron is admittedly something of a by-product beside sand and gravel but its economic marketability plays a large part in the overall viability of the producers.

zirconium is admittedly something by-product of the steel and atomic economic markets. It usually plays a large part in the electrical viability of the producers of rutile and ilmenite with the latter being an increasingly important source of synthetic rutile.

According to the market-makers of Associated Minerals, 80 per cent of the world's synthetic rutile is consumed in the manufacture of titanium compounds and pigments. New pigments and plastics are more likely than ever to be made from titanium. Rutile and ilmenite are important in portable in rutile availability made up by substitute products such as synthetic rutile.

In other words, the demand is expected to double in the ester of beach sand mineral. It is feared that the market-makers must always realise that they have not only to contend with the ups and downs of the atomic and steel industries, but also with rapid technological changes which must be important influences on supply and demand.

It can be the very nature of rumour-mongering, particularly when it comes to the future of the steel, or test results on a prospect held by a conservative mining house. Recent pronouncements by some commentators "smack of the old-fashioned 'boom and bust' syndrome of the boom days and it should be noted that Teutonic Bore would have been well walked over during the nickel rush."

On the other hand, if shares should not be entirely despondent, however, a report from a JMW Holdings source that diamond drilling at Teutonic Bore is now under way and that the chances of a rich strike are high enough to be worth spending quite a lot of money on.

The fox may run

Australian uranium shares will fluctuate nervously as the birth of the vital Fox environmental report lingers on uncertainly from week to week and the Government's decisions on production and export permissions are awaited.

There is lingering doubt about the future of the Australian uranium industry. Rusten's ability to sustain its ability to sustain this is why the Baring Platinum Fund, the largest of the investment company, have been in the market following Potgietersrust, and Waterfall.

If the Friedberg and they are not optimistic, then it is a good lock-up.

The gold price is still high, but the Straits, Turnbull, while to be a review of its progress for the South African Government, put forward as the price should not \$120 an ounce for time. The shares are high-grade, in the Elsburg are selected. Winkelhausen is the favourite in the

actors both short- and long-term, thus pushed more and more into the future. The best that can be expected now is that they will

Insurance Rules for brokers to protect policyholders

BY OUR INSURANCE CORRESPONDENT

BY OUR INSURANCE CORRESPONDENT

Insurance Companies intermediaries. Regulations, 76, come into force next Monday. The regulations are just one of several in a series designed for the greater protection of policyholders and they impose new duties of disclosure on intermediaries when they advise on the choice of insurer. Henceforth, the broker—and I use the word to include the firm's employees and its agents—will inform his client of insurance (as defined in the

From the policyholder's viewpoint there is a very substantial limitation on the new duty, for the broker has no obligation of disclosure, either when offering renewal of policies in existence or when arranging mid-term alterations. The doctrine of water under the bridge is convenient and a differing view would have imposed a substantial administrative burden, but there must be many policyholders who might want to rethink their insurance purchases if they were made aware of

print in the most prominent position. These regulations signed primarily by a broker - insurance relationships. Some Lloyd's connections? The question is in a far from clearness through a Some Lloyd's have extensive interests. More brokers do not that reaches the

Although the new duty arises in connection with policies issued from next Monday, once the new rules are in place, the brokers' connection with insurers.

clients only amount of business non-Lloyd's brokers of Lloyd's business.

ulation) with insurers whose policy he is trying to sell.

Not surprisingly, the broker's type of disclosure arises if he operates on a sole agency basis and a case he clearly has no dependence and is nothing more than a branch office of the insurance company. But if the agent also gives rise to a duty of disclosure, so if an insurer has a "significant interest" in the broker's business or vice versa (the latter is the case with the insurance company, different relationships in

the brokers' connection with clients only amount of business.

Lloyd's broker's disclosure of Lloyd's business intermediary is to be better connected writers if he has a quarter share of underwriting Lloyd's. But it for an individual business or numerous out. A statement connection with be sufficient.

Another new

What is a "significant interest"? Perhaps in the context of the statement which must be a contract with

What is a "significant interest"? Perhaps in the context of the question, the answer can be found in the Securities Act for the answer — a holding of one tenth or more of the nominal value of the outstanding share capital. The duty of the partner, controller, intermediary, partner, controller, manager of that person happens also to be a partner of the insurance company of any controller thereof.

Further growth for Montedison

Further growth for Hong Kong Land

FINANCIAL TIMES REPORTER **HONG KONG, Oct. 3.**

HONG KONG LAND COMPANY announced an unaudited consolidated group profit after tax of HK\$173.6 million for the half year to June 30, 1977, compared with HK\$79.4 million in the corresponding period last year.

The company said that the increase was due to the completion of stage two of the HK\$600m (US\$136.6m) redevelopment scheme at the Kowloon East, which began early in 1977.

In September agreement was reached to sell four residential

Montedison
Montedison SpA subsidiary Fargis sold to Mitsui & Co. Ltd. for 100 million yen. The sale was to be other than the Milan Tribune.

Kaiser sale
Kaiser Steel Co.

\$71.2m. (\$8.74m.) in the same period of 1975. This was an increase of 11.5 per cent. and the directors stated that the growth in the value of the group's properties for HK\$55m. (\$8.75m.) and to purchase the 18 storey P & Q building and the group also stated that final approval had been given by the directors. The day announced that the group had approximately 100 million shares in Kaisei British Columbia.

971.2m. (£874m.) in the same period (1974-75). This was an increase of 11.5 per cent, and the directors stated that the growth was due to the continued expansion of the remainder of this year. The earnings for the full year were expected to reach at least £185m. (£23.93m.) by the end of the year.

After declaring an interim dividend of 11 cents (1.35p) per share, the directors recommended a final dividend of 11 cents (1.29p) per share. The directors stated that 1975 had seen a general economic upturn which was continuing, and the group was said to have completed the acquisition of 100 per cent of the properties for HK\$85m. (£17.5m.) and to purchase the 18 stores P & O building and the group also stated that final approval had been received from the Government for a new township in Pokfulam to be built over the next six to eight years.

It was further stated that the new Mandarin Hotel in Manila (30 per cent. owned) was opened as planned in September and was operating at a profit. The new Mandarin (40 per cent. owned) in January 1976. The new river wing of the Oriental Hotel, which was under construction, was expected to be completed by the end of 1976.

may announced approximately 100,000 shares in Kaisei British Columbian affiliate, through public offering

... stage one of its Central Bangkok (49 per cent. owned) ...
... redevelopment scheme was completed in July 1976. ...

Rules for brokers to prote

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Lloyd's broker's disclosure of Lloyd's business intermediary is to be better connected writers if he has a quarter share of underwriting Lloyd's. But it for an individual business or numerous out. A statement connection with be sufficient.

Another new

of the general company law can turn to the 1967 Companies Act for the answer — adding of one tenth or more handed over if the discussion is face-to-face or delivered as soon as is reasonably practicable if the conversation is by post or by telephone. The information is not authorised for publication by the Department of Trade.

Further growth for Hong Kong Land

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was expected to continue the remainder of this year. The estimated cost for the full year was expected to reach at least Rs. 10 lakhs. The Government had been received from Government for a new township in Pokfulam to be built over the next six to eight years.

... stage one of its Central Bangkok (49 per cent. owned) ...
... redevelopment scheme was completed in July 1976. ...

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FINANCIAL TIMES STOCK INDICES

	Oct. 1	Sept. 30	Sept. 29	Sept. 28	Sept. 27	Sept. 26	A Year ago
Investment Secs.....	59.15	59.15	59.51	59.51	60.57	60.34	59.02
Interest.....	58.97	58.95	59.48	59.42	60.85	60.01	59.95
Natural Ordinary.....	517.5	523.5	530.4	535.1	544.5	548.9	529.7
Miner.....	106.9	106.7	109.5	114.3	115.5	120.3	240.0
Oil, Field.....	7.05	6.95	6.80	6.72	6.59	6.45	6.30
Index of Industrial.....	20.53	20.53	20.10	19.82	19.59	19.08	17.30
Auto Index in U.K.....	7.05	7.19	7.34	7.44	7.61	7.73	8.21
Foreign Exchange.....	5.659	5.255	5.114	5.202	4.126	3.655	5.052
Share turnover £m.....		68.55	60.07	64.50	54.23	25.97	72.47
Share prices total.....		12,041	11,569	11,509	9,098	8,999	16,492

10 a.m. S&P, 11 a.m. S&P, Noon S&P, 1 p.m. S&P.
3 p.m. S&P, 5 p.m. S&P.

Latest Index, 67-545 W&A.

(a) Based on 32 per cent. corporation tax.
(b) Oct. 500, 120,000, 120,000, 120,000, 120,000, 120,000, 120,000, 120,000.

(c) NU=5.00.
Inst. Oct. 17/73. Gold

HIGHS AND LOWS				S.E. ACTIVITY			
		1936		Since Completion			
		High	Low	High	Low	Oct. 1	Sept. 30
Secs.	65.21	59.15	127.4	49.18	Daily	129.1	172.7
	(7170)	(7170)	(3/1/36)	(3/7/37)	Ship-Edged	143.1	172.5
Int.	54.43	56.85	120.4	50.55	Specialists	27.8	37.8
	(276)	(309)	(2814/36)	(30/36)	Boys	105.5	27.8
Yrd.	429.8	512.5	156.5	429.8	Ship-Edged	121.4	169.8
	(433)	(410)	(148/37)	(26/40)	Specialists	145.3	169.8
Mines	246.5	76.5	449.2	42.5	Specialists	79.8	42.7
	(258)	(258)	(226/37)	(25/37)	Totals	110.8	106.2

BASE LENDING RATES

American Irish Banks Ltd.	12 1/2 %	Julian S. Hodge	13 %
African Express Bank	12 1/2 %	Hongkong & Shanghai	12 %
Anglo-Portuguese Bank	12 1/2 %	Industrial Bank of Scot.	12 %
Bank of Ansbacher	12 1/2 %	Kaiser Ullmann	12 1/2 %
Bank of Bilbao	12 1/2 %	Knowles & Co. Ltd.	13 1/2 %
Bank of Cyprus	12 1/2 %	Lloyds Bank	12 %
Bank of N.S.W.	12 1/2 %	London & European	12 1/2 %
Bank of Rhodes S.A.	12 1/2 %	London Mercantile	12 1/2 %
Bank of Siam	12 1/2 %	Midland Bank	12 %
Bank of South Africa	12 1/2 %	Samuel Montagu	12 1/2 %
Bank of Western Australia	12 1/2 %	Morgan Grenfell	12 %
Bank of Western India	12 1/2 %	National Westminster	12 %
Bank of Western India	12 1/2 %	Northern Comm. Trust	12 1/2 %
Bank of Western India	12 1/2 %	Norwich General Trust	12 1/2 %
Bank of Western India	12 1/2 %	P. S. Redden & Co.	12 %
Bank of Western India	12 1/2 %	Rossminster Accepts	12 %
Bank of Western India	12 1/2 %	Royal Bk. Canada Trust	12 %
Bank of Western India	12 1/2 %	Schlesinger Limited	12 1/2 %
Bank of Western India	12 1/2 %	R. S. Schwab	13 1/2 %
Bank of Western India	12 1/2 %	Security Trust Co. Ltd.	13 %
Bank of Western India	12 1/2 %	Shenley Trust	14 %
Bank of Western India	12 1/2 %	Standard Chartered	12 %
Bank of Western India	12 1/2 %	Trade Development Bk.	12 %
Bank of Western India	12 1/2 %	Trade Development Bk.	13 1/2 %
Bank of Western India	12 1/2 %	United Bank of Kuwait	12 %
Bank of Western India	12 1/2 %	Whiteaway Ladlaw	12 1/2 %
Bank of Western India	12 1/2 %	Williams & Glyn's	12 %
Bank of Western India	12 1/2 %	Yorkshire Bank	12 %

■ Members of the Accepting Houses Committee.
 * 7-day deposits 5 1/2 %, 1-month deposits 6 1/2 %.
 * 1-day deposits on sums of £10,000 and under 5 1/2 %, up to £25,000 5 3/4 %, and over £25,000 6 1/2 %.
 * 4 Demand deposits 5 1/4 %.
 * Call deposits over £1,000 5 1/4 %.

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Delta Group	Hambros (Guernsey) Limited	Kleinwort Benson Limited	Old Court Commodity Fd. Mgr.
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Sanitary Securities (C.I.) Limited Box 127, St. Helier, Jersey. 0534 25560		Delta Group P.O. Box 2012, Nassau, Bahamas Delta Int'l. Reg. 12/83 224 425		Hambros (Guernsey) Limited P.O. Box 86, St. Peter Port, Guernsey 041 25521		Kleinwort Benson Limited 20, Fenchurch St., P.O. 01-022 0000		Old Court Commodity Fund Mgrs. Ltd. P.O. Box 55, St. Julian's, Gt. 0451 26741		TSE Unit Trust Managers (C.I.) Ltd. Bagnall Rd., St. Bernard, Jersey 0534 73494	
Next dealing date October 12 Next deal day Oct. 14		C.I. Fund Support P.O. Box 100, St. Helier, Jersey 0534 25570		Barings, Ltd. P.O. Box 100, St. Helier, Jersey 0534 25570		Barings, Ltd. P.O. Box 100, St. Helier, Jersey 0534 25570		Old Court Commodity Fund Mgrs. Ltd. P.O. Box 55, St. Julian's, Gt. 0451 26741		TSE Unit Trust Managers (C.I.) Ltd. Bagnall Rd., St. Bernard, Jersey 0534 73494	
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NOTES

Marston's

Another year of progress

In his Statement, the Chairman, Sir Clifford Gothard makes the following points on the year ended 31st March, 1976:

- * Profit before tax increased by 24.8%.
- * New bottling line in operation and showing marked increase in efficiency.
- * Continuing plant modifications leading to higher productivity.
- * Current sales running at a satisfactory level.

SUMMARY OF RESULTS

	Year ended 31st March 1976	1975
External Sales	17,310,366	13,177,765
Profit before taxation	2,769,462	2,219,054
Profit after taxation	1,355,573	1,076,711
Profit retained	1,009,125	732,820
Earnings per ordinary share	5.3p	4.2p
Dividends per ordinary share	1.5174p	1.3963p

Marston, Thompson & Evershed Limited
Brewers, Wine & Spirit Merchants



International Paperboard Packaging
Interim Statement

* Record half-yearly results with advances of 40% in sales and nearly 80% in pre-tax profits over the January/June 1975 levels.

* Overall group volume of paperboard and packaging products increased by one-third and selling price increases restrained below national rates of inflation.

* Board Division operated at full productive capacity which has recently further expanded.

* General products Division achieved further growth and composite oil cans were successfully launched.

* Overseas results also advanced but progress is not being maintained.

* Fully satisfactory results are expected for 1976.

SUMMARY OF RESULTS

	1976	1975	1975
	First Half	First Half	Year
Sales Turnover	11,822	8,437	16,985
Profit before Taxation	1,806	1,006	2,156
Earnings per share	4.94p	2.72p	5.97p
Dividends net per share	1.1p	1.0p	2.92p

Copies of the 1976 Interim Report are obtainable from the Secretary, T. P. T. Ltd., Romiley, Cheshire.

HOME NEWS

Machine-tool show brings home and export orders

BY ARTHUR SMITH

BRITISH COMPANIES announced orders worth £14.5m., nearly a third for export, at the International Machine-Tool Exhibition which has just closed in Birmingham.

Total orders could be nearly three times that, as only a proportion of the companies exhibiting officially declared the business transacted, the Machine-Tool Trades Association said.

The new work will give a welcome boost to the morale of the depressed industry, but few companies are yet prepared to venture whether it will mark the start of a more rapid recovery.

The association said that business contracted in the 11 days at the National Exhibition Centre was a record for a machine-tool show in this country. The number of registered visitors, at 88,377, also marked a new high. A large stimulus was certainly needed for the industry, which according to the latest official statistics had work sufficient to last only six or seven months.

Encouragement is being taken from British success in Eastern Europe. On the eve of the exhibition three U.K. companies disclosed that letters of intent had been signed to supply £24m. worth of machine-tools to Poland. The long-awaited orders for Leyland cars are likely to be placed in the next few weeks.

The general feeling at the exhibition was that the recovery from recession is likely to be gradual, and that the main upturn may not be felt till the spring.

THE INDUSTRY SCHEME: Position at JULY 31

Region	Applications received	Applications under consideration		Offers made	Associated estimated project costs		
	No.	Value (£000)	No.	Value (£000)	No.	Value (£000)	
Scotland	2	2,015	1	1,155	1	138	860
Wales	1	—	1	—	—	—	—
Northern	1	2,245	1	2,245	—	—	—
North West	2	7,950	1	6,773	1	223	1,177
Yorkshire/H'side	8	3,807	4	1,502	2	313	1,758
East Midlands	4	4,405	1	234	3	780	4,171
West Midlands	8	2,798	4	1,045	1	105	587
South West	4	2,509	3	909	—	—	—
Eastern	3	1,052	1	152	1	98	570
London & S.E.	4	2,076	3	965	1	209	1,111
Total	36	28,877	19	15,020	10	1,866	10,234

Evidence is emerging that companies are showing more interest in the Government's machine-tool aid scheme following changes made to eligibility limits in August.

About £20m. has been allocated to stimulate investment in the industry, but the response in the first year was poor. As the table below shows, less than £2m. had been approved by the end of July.

Mr. John Thompson, Department of Industry regional director for the West Midlands, where much of the machine-tool industry is concentrated, reports a considerable upturn in inquiries since the August changes. The modifications in effect increased

the number of eligible companies and simplified the method of payment.

Whereas there were 100 inquiries in the West Midlands about the scheme in the first 12 months of its operation, there have been 60 in recent weeks and two of these have resulted in definite applications.

The Department of Industry is mounting a determined campaign to make companies aware of the scheme, and Mr. Thompson plans a conference for West Midlands companies. Lord Brown, a former Minister of State at the Department of Industry, is to tour the country visiting companies to explain what Government assistance is available.

£300-a-year parking space plan 'would be disastrous'

BY JAMES McDONALD

GOVERNMENT proposals to levy up to £300 a year for each private office or factory car parking space are described as "disastrous" by the British Automobile Association.

The criticism comes from the Automobile Association, the industrial, motoring and employers' organisation formed last year under the chairmanship of Sir Alex. Samuel, formerly adviser to the Minister of Transport on London traffic management.

It is embodied in written evidence from Sir Alex. on the plan, which is part of a government consultation document on the control of private non-residential parking.

"This scheme is not a legitimate means of raising revenue, it is an illegitimate means of raising revenue, particularly from those who can least afford it, like the small businessman."

"It will be the power of your purse, not the nature of your mission, which will decide whether you can operate a car or van in inner London," Sir Alex. wrote in his evidence.

The policy appeared to be based on a misunderstanding of the realities of running a business in London.

"Economic life is not such as to allow companies to provide

superfluous office space purely for the convenience of their staff cars; the high cost per square foot of London office space has made certain of that."

The answer to the problem of London traffic was providing purpose-built by-passes, in all areas, to concentrate the through traffic away from local residential and shopping streets.

Among the members of the Automobile Association, the Royal Automobile Club, the National Chamber of Trade, the Freight Transport Association, the Road Haulage Association and other major industrial con-

Industry 'opposes import controls'

By Donald Maclean

IMPORT CONTROLS are "overwhelmingly opposed" by manufacturing companies in the South-East, according to the London Chamber of Commerce and Industry.

Companies fear such controls, noted as a way to meet economic problems, would bring retaliation against exports, encourage inflation and "make British industry even less competitive."

The Chamber says on completing a survey of the companies' opinions.

It is to be hoped, the Chamber says in a simultaneously released economic report, that the International Monetary Fund will attach "tough" conditions to credit to the U.K. These, it says, should include further cuts in public expenditure, tighter control of the money supply, and "an early announcement of a tough and realistic Phase III of the counter-inflation policy."

Although "the Government's slow-motion attack on monetary problems appears to be having some success in mopping up excess liquidity," it states, "crisis-level interest rates are hardly likely to encourage industrial investment."

The way the Government debt is now managed "inevitably produces large cyclical swings and excess liquidity."

"There are growing doubts as to whether the traditional methods of managing the gilt-edged stock market are adequate for financing a borrowing requirement approaching a tenth of the national income."

The survey of companies in the South-East shows calls for better anti-dumping controls and "tougher bargaining" with countries that impose levies or quotas on British exports.

Have you got what it takes to do business in Japan?

Mail the coupon now for your copy of our new brochure on the JAL Executive Service, the first and still the most comprehensive package of business aids for the businessman visiting Japan. It makes sure you get all the help you need before you go, on the way and when you arrive.

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(A Statutory Corporation the capital of which is wholly owned by the Commonwealth of Australia)

AS \$15,000,000

10 PER CENT. NOTES 1983

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Bank Gutzwiller, Kurz, Buegener (Overseas) Limited

Algemeine Bank Nederland N.V.

Arab Finance Corporation S.A.L.

Banque Bruxelles Lambert S.A.

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1st October, 1976.

This announcement complies with the requirements of the Council of The Stock Exchange in London

AB GÖTAVERKEN

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U.S. \$20,000,000 8 1/4 per cent. Notes 1983

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The following have agreed to subscribe or procure subscribers for the Notes

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Salomon Brothers International Limited

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The 20,000 Notes of \$1,000 each constituting the above issue have been admitted to the Official List of The Stock Exchange in London. Particulars of the Notes are available from Exel Statistical Services Limited and copies may be obtained during usual business hours up to and including 22nd October, 1976, from the Brokers to the Issue:

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Entertainment Guide

OPERA & BALLET

COVENT GARDEN 01-335 3161
English National Opera
Tosca, 7.30, 9.30
Thurs. 7.30, 9.30, 10.30
Fri. 7.30, 9.30, 10.30
Sat. 7.30, 9.30, 10.30
Sun. 7.30, 9.30, 10.30

ROYAL OPERA HOUSE 01-335 3161
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THEATRES

ADOLPHUS 01-335 3161
English National Opera
Tosca, 7.30, 9.30
Thurs. 7.30, 9.30, 10.30
Fri. 7.30, 9.30, 10.30
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English National Opera
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THEATRES

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English National Opera
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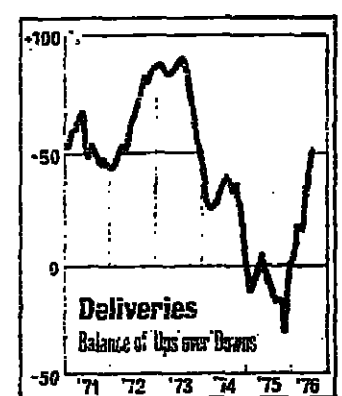
FT Monthly Survey of Business Opinion

Statistical Material Copyright Taylor Nelson Group Ltd.
4 monthly moving total September 1976

GENERAL OUTLOOK

Economy casts a shadow

INDUSTRIAL confidence in the general economic situation has deteriorated even before last week's further outbreak of pressure on the pound sterling. This is shown by the results of the latest Financial Times business opinion survey, the last interviews for which were completed about ten days ago.



ther revival in corporate profitability. In electrical engineering, it

is thought that increased exports and increased private sector spending at home will help to offset the cuts in public spending.

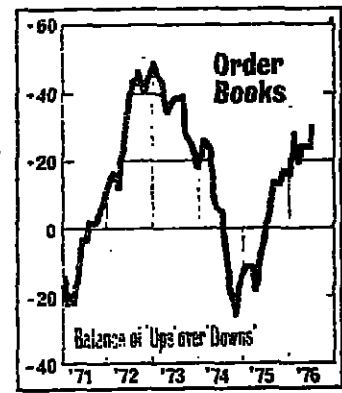
In the vehicles and consumer durables sector, views were mixed. Car sales were said to have been better than expected and, generally, larger firms were more optimistic than the smaller fry. But there was increased concern about inflation prospects in view of the decline in sterling parities and the end of the present phase of pay restraint next summer.

In the stores and consumer services sector, business was said to be picking up now that the exceptionally hot weather of a few weeks ago had passed.

ORDERS AND OUTPUT

Activity gathers pace

THE IMPROVEMENT in order flows which began to show through at the beginning of this year has reached the point where over half the all-industry sample are now able to report increased orders. The rate of recovery varies between the three sectors re-surveyed last month; but more firms were reporting increased business than in May in electrical engineering and the stores and consumer services group, while in vehicles and consumer durables the proportion of firms experiencing a rising orders trend remained about the same.



As to be expected, the re-

covery in electrical engineering is rather patchy with certain ranges at the lighter end of the industry doing better than others. One encouraging sign was that customers were now prepared to enter into longer commitments. Export sales are also said to remain encouraging.

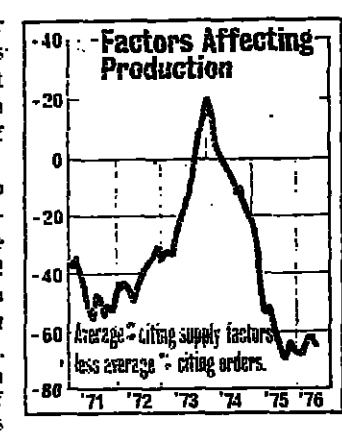
In all three sectors, however, the gathering pace of activity remains steady rather than spectacular. The median forecast increase for production/turnover over the next 12 months has hardly changed at all in recent months.

CAPACITY AND STOCKS

Constrained by orders

THE LATEST indications for capacity utilisation, stocks purchases, and the factors that are determining production rates all hint out a picture of a steady pace of recovery.

There was virtually no change last month in the proportion of firms saying they are operating at or above planned output levels. Production schedules remain almost entirely demand dominated, and there is virtually no sign as yet of any recurrence of supply constraints—such as shortages of manpower, production capacity, materials, components and other bought-in



ponents and other bought-in

The volume of purchases has been rising: half the all-industry sample (and almost all electrical engineering companies) now expect to buy more outside supplies in the coming four months. But there is not the least sign of a major stock-building boom. Both purchases and stocks have been rising more or less in line with the rising pace of activity. Indeed over two-thirds of the latest all-industry sample consider their level while almost a quarter believe stocks are too high in relation to their current rates of activity.

CAPACITY WORKING

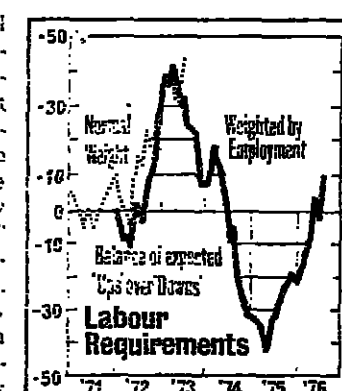
Above target capacity
Planned output
Below target capacity

	June-Sept.	May-Aug.	Apr.-July.	Mar.-June.	Elect. Eng.	Consumer Durables	Stores
Above target capacity	16	18	12	10	7	1	1
Planned output	49	46	46	49	99	68	59
Below target capacity	30	32	38	38	1	7	40
No answer	5	4	4	3	—	18	—

INVESTMENT AND LABOUR

Real increase in investment

THE OUTLOOK for industrial employment and capital spending is becoming more encouraging. With all three sectors last month more hopeful of increasing their labour force over the next 12 months than was the case in May, the all-industry balance of "ups" and "downs" is now positive again for virtually the first time in two years. This suggests that there is now a prospect of a net increase in employment. The improvement is likely to be relatively modest however: only two in every three firms which are forecasting increased production are expecting to take on extra manpower.



are expecting to take on extra manpower.

In the case of capital investment, the cars/durables and stores/consumer services sectors were more bullish (or less pessimistic) than in May. As a result almost half the latest all-industry sample expect to spend more in real terms during the next 12 months. This probably betokens a net increase in the volume of industrial investment as a whole—for the first time in more than two years—and an increase in the extent to which industry will be obliged to resort to outside sources of finance.

COSTS AND PROFIT MARGINS

Concern about inflation

INFLATION expectations are now being viewed rather more cautiously. Hopes of a further slowing in the rate of cost and price increases have all but faded, with the median forecast for increase in total unit costs over the next 12 months leveling out at about 12-13 per cent, and the median forecast increase for unit wage costs leveling out at about 7-8 per cent. From now on firms are having to take a view about the prospect for wage settlements without the present period of restraint expiring next summer.

For price increases, the median forecast has also settled down at about 12-13 per cent—with electrical engineering being somewhat more pessimistic last month than in May and the other two sectors a little more sanguine.

The recovery in profitability is still expected to go on, however. The balance of "ups" over "downs" on trends in profit margins during the next 12 months did not change last month: a decline in optimism in the stores/consumer services sector was counter-balanced by reduced pessimism in the other two sectors. But, given the upward trend of production/turnover forecasts, all three sectors were more hopeful than before of an improvement in earnings on capital employed during the current year.

The survey, which is carried out for the Financial Times by the Taylor Nelson Group, is based upon extensive interviews with top executives about their companies' situation and prospects.

Three industries and some 30 companies are covered in turn every month. They are drawn from a sample based upon the FT-Actuaries Index, which accounts for about 80 per cent of the total turnover of all public industrial companies.

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We need your donation to enable us to continue our work for the CARE and WELFARE OF MULTIPLE SCLEROSIS sufferers and to continue our commitment to find the cause and cure of MULTIPLE SCLEROSIS through MEDICAL RESEARCH.
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4 Tachbrook Street,
London SW1 1SJ

GENERAL BUSINESS SITUATION

Are you more or less optimistic about your company's prospects than you were four months ago?

	June-Sept.	May-Aug.	Apr.-July.	Mar.-June.	Elect. Eng.	Consumer Durables	Stores
More optimistic	35	35	39	47	7	71	26
Neutral	55	58	53	49	93	29	54
Less optimistic	10	7	8	4	—	—	20

EXPORT PROSPECT (Weighted by exports)

	June-Sept.	May-Aug.	Apr.-July.	Mar.-June.	Elect. Eng.	Consumer Durables	Stores
Over the 12 months exports will be:							
Higher	83	82	84	88	100	99	90
Same	11	12	14	11	—	1	10
Lower	6	6	—	1	—	—	—

NEW ORDERS

The trend of new orders in the last four months is:

	June-Sept.	May-Aug.	Apr.-July.	Mar.-June.	Elect. Eng.	Consumer Durables	Stores
Up	53	46	42	44	64	69	35
Same	25	31	34	32	36	5	40
Down	10	15	16	18	—	1	—
No answer	12	8	8	6	—	5	25

PRODUCTION/SALES TURNOVER

	June-Sept.	May-Aug.	Apr.-July.	Mar.-June.	Elect. Eng.	Consumer Durables	Stores
Those expecting production/sales turnover in the next 12 months to:							
Rise over 20%	3	5	5	5	—	1	—
Rise 15-19%	3	1	3	2	23	1	—
Rise 10-14%	11	11	11	10	5	23	10
Rise 5-9%	25	24	24	29	36	16	25
About the same	44	46	46	45	36	54	40
Fall 5-9%	3	3	3	—	—	—	—
No comment	11	8	8	8	—	6	24

STOCKS

Raw materials and components over the next 12 months will:

	June-Sept.	May-Aug.	Apr.-July.	Mar.-June.	Elect. Eng.	Consumer Durables	Stores
Increase	38	38	37	38	58	19	40
Stay about the same	42	45	48	47	42	63	35
Decrease	13	10	7	9	—	18	20
No comment	7	7	8	6	—	—	5

Manufactured goods over the next 12 months will:

	June-Sept.	May-Aug.	Apr.-July.	Mar.-June.	Elect. Eng.	Consumer Durables	Stores
Increase	30	25	22	22	5	8	55
Stay about the same	44	45	48	46	41	86	40
Decrease	6	9	7	8	—	7	—
No comment	20	21	23	24	54	5	5

FACTORS CURRENTLY AFFECTING PRODUCTION

	June-Sept.	May-Aug.	Apr.-July.	Mar.-June.	Elect. Eng.	Consumer Durables	Stores
Home orders	92	91	91	91	99	76	95
Export orders	50	42	42	48	54	69	30
Executive staff	2	4	2	3	1	—	—
Skilled factory staff	8	5	3	7	36	8	—
Manual Labour	3	3	3	5	1	—	—
Components	4	4	1	1	—	19	—
Raw materials	8	7	7	7	—	44	25
Production capacity (plant)	9	8	5	5	—	8	11
Finance	1	1	1	1	—	1	1
Others	7	5	6	6	18	18	—
Labour disputes	8	6	11	11	—	46	5
No answer/no factor	4	5	4	5	—	4	—

LABOUR REQUIREMENTS (Weighted by employment)

	June-Sept.	May-Aug.	Apr.-July.	Mar.-June.	Elect. Eng.	Consumer Durables	Stores
Those expecting their labour force over the next 12 months to:							
Increase	28	21	24	19	91	32	28
Stay about the same	54	56	55	51	9	68	46
Decrease	18	23	21	30	—	—	26

CAPITAL INVESTMENT (Weighted by capital expenditure)

	June-Sept.	May-Aug.	Apr.-July.	Mar.-June.	Elect. Eng.	Consumer Durables	Stores
Those expecting capital expenditure over the next 12 months to:							
Increase in volume	45	43	40	30	62	64	11
Increase in value but not in volume	11	9	10	20	—	1	62
Stay about the same	23	24	20	19	2	13	27
Decrease	18	22	28	29	36	4	—
No comment	3	2	2	2	—	18	—

COSTS

Wages rise by:

	June-Sept.	May-Aug.	Apr.-July.	Mar.-June.	Elect. Eng.	Consumer Durables	Stores
0-4%	22	22	24	11	5	20	20
5-9%	42	43	37	31	72	7	45
10-14%	16	17	20	34	22	50	5
15-19%	11	10	9	8	—	1	20
20% plus	—	—	—	—	—	—	—
Same	—	—	—	—	—	—	—
Decrease	—	—	—	—	—	—	—
No answer	9	8	10	16	1	22	10

Unit costs rise by:

||
||
||

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FT SHARE INFORMATION SERVICE

CANADIANS

Dividend	Stock	Price	Div	Yield	Div	Yield
147	147 Treasury 10% 1970-71	99 1/2	1.00	10.00	1.00	10.00
148	148 Treasury 10% 1971-72	99 1/2	1.00	10.00	1.00	10.00
149	149 Treasury 10% 1972-73	99 1/2	1.00	10.00	1.00	10.00
150	150 Treasury 10% 1973-74	99 1/2	1.00	10.00	1.00	10.00
151	151 Treasury 10% 1974-75	99 1/2	1.00	10.00	1.00	10.00

BANKS AND HIRE PURCHASE

Dividend	Stock	Price	Div	Yield	Div	Yield
152	152 Treasury 10% 1975-76	99 1/2	1.00	10.00	1.00	10.00
153	153 Treasury 10% 1976-77	99 1/2	1.00	10.00	1.00	10.00
154	154 Treasury 10% 1977-78	99 1/2	1.00	10.00	1.00	10.00
155	155 Treasury 10% 1978-79	99 1/2	1.00	10.00	1.00	10.00
156	156 Treasury 10% 1979-80	99 1/2	1.00	10.00	1.00	10.00

OVER FIFTEEN YEARS

Dividend	Stock	Price	Div	Yield	Div	Yield
157	157 Treasury 10% 1980-81	99 1/2	1.00	10.00	1.00	10.00
158	158 Treasury 10% 1981-82	99 1/2	1.00	10.00	1.00	10.00
159	159 Treasury 10% 1982-83	99 1/2	1.00	10.00	1.00	10.00
160	160 Treasury 10% 1983-84	99 1/2	1.00	10.00	1.00	10.00
161	161 Treasury 10% 1984-85	99 1/2	1.00	10.00	1.00	10.00

UNDEVELOPED

Dividend	Stock	Price	Div	Yield	Div	Yield
162	162 Treasury 10% 1985-86	99 1/2	1.00	10.00	1.00	10.00
163	163 Treasury 10% 1986-87	99 1/2	1.00	10.00	1.00	10.00
164	164 Treasury 10% 1987-88	99 1/2	1.00	10.00	1.00	10.00
165	165 Treasury 10% 1988-89	99 1/2	1.00	10.00	1.00	10.00
166	166 Treasury 10% 1989-90	99 1/2	1.00	10.00	1.00	10.00

INTERNATIONAL BANK

Dividend	Stock	Price	Div	Yield	Div	Yield
167	167 Treasury 10% 1990-91	99 1/2	1.00	10.00	1.00	10.00
168	168 Treasury 10% 1991-92	99 1/2	1.00	10.00	1.00	10.00
169	169 Treasury 10% 1992-93	99 1/2	1.00	10.00	1.00	10.00
170	170 Treasury 10% 1993-94	99 1/2	1.00	10.00	1.00	10.00
171	171 Treasury 10% 1994-95	99 1/2	1.00	10.00	1.00	10.00

COBALT AND AFRICAN LOANS

Dividend	Stock	Price	Div	Yield	Div	Yield
172	172 Treasury 10% 1995-96	99 1/2	1.00	10.00	1.00	10.00
173	173 Treasury 10% 1996-97	99 1/2	1.00	10.00	1.00	10.00
174	174 Treasury 10% 1997-98	99 1/2	1.00	10.00	1.00	10.00
175	175 Treasury 10% 1998-99	99 1/2	1.00	10.00	1.00	10.00
176	176 Treasury 10% 1999-00	99 1/2	1.00	10.00	1.00	10.00

LOANS (Miscellaneous)

Dividend	Stock	Price	Div	Yield	Div	Yield
177	177 Treasury 10% 2000-01	99 1/2	1.00	10.00	1.00	10.00
178	178 Treasury 10% 2001-02	99 1/2	1.00	10.00	1.00	10.00
179	179 Treasury 10% 2002-03	99 1/2	1.00	10.00	1.00	10.00
180	180 Treasury 10% 2003-04	99 1/2	1.00	10.00	1.00	10.00
181	181 Treasury 10% 2004-05	99 1/2	1.00	10.00	1.00	10.00

FOREIGN BONDS & RAILS

Dividend	Stock	Price	Div	Yield	Div	Yield
182	182 Treasury 10% 2005-06	99 1/2	1.00	10.00	1.00	10.00
183	183 Treasury 10% 2006-07	99 1/2	1.00	10.00	1.00	10.00
184	184 Treasury 10% 2007-08	99 1/2	1.00	10.00	1.00	10.00
185	185 Treasury 10% 2008-09	99 1/2	1.00	10.00	1.00	10.00
186	186 Treasury 10% 2009-10	99 1/2	1.00	10.00	1.00	10.00

U.S. & DM prices exclude inv. 5 premium

Conversion factor 0.6711 (0.5718)

BUILDING INDUSTRY—Continued

Dividend	Stock	Price	Div	Yield	Div	Yield
187	187 Treasury 10% 2010-11	99 1/2	1.00	10.00	1.00	10.00
188	188 Treasury 10% 2011-12	99 1/2	1.00	10.00	1.00	10.00
189	189 Treasury 10% 2012-13	99 1/2	1.00	10.00	1.00	10.00
190	190 Treasury 10% 2013-14	99 1/2	1.00	10.00	1.00	10.00
191	191 Treasury 10% 2014-15	99 1/2	1.00	10.00	1.00	10.00

DRAPERY AND STORES—Continued

Dividend	Stock	Price	Div	Yield	Div	Yield
192	192 Treasury 10% 2015-16	99 1/2	1.00	10.00	1.00	10.00
193	193 Treasury 10% 2016-17	99 1/2	1.00	10.00	1.00	10.00
194	194 Treasury 10% 2017-18	99 1/2	1.00	10.00	1.00	10.00
195	195 Treasury 10% 2018-19	99 1/2	1.00	10.00	1.00	10.00
196	196 Treasury 10% 2019-20	99 1/2	1.00	10.00	1.00	10.00

ELECTRICAL AND RADIO

Dividend	Stock	Price	Div	Yield	Div	Yield
197	197 Treasury 10% 2020-21	99 1/2	1.00	10.00	1.00	10.00
198	198 Treasury 10% 2021-22	99 1/2	1.00	10.00	1.00	10.00
199	199 Treasury 10% 2022-23	99 1/2	1.00	10.00	1.00	10.00
200	200 Treasury 10% 2023-24	99 1/2	1.00	10.00	1.00	10.00
201	201 Treasury 10% 2024-25	99 1/2	1.00	10.00	1.00	10.00

CHEMICALS, PLASTICS

Dividend	Stock	Price	Div	Yield	Div	Yield
202	202 Treasury 10% 2025-26	99 1/2	1.00	10.00	1.00	10.00
203	203 Treasury 10% 2026-27	99 1/2	1.00	10.00	1.00	10.00
204	204 Treasury 10% 2027-28	99 1/2	1.00	10.00	1.00	10.00
205	205 Treasury 10% 2028-29	99 1/2	1.00	10.00	1.00	10.00
206	206 Treasury 10% 2029-30	99 1/2	1.00	10.00	1.00	10.00

CINEMAS, THEATRES AND TV

Dividend	Stock	Price	Div	Yield	Div	Yield
207	207 Treasury 10% 2030-31	99 1/2	1.00	10.00	1.00	10.00
208	208 Treasury 10% 2031-32	99 1/2	1.00	10.00	1.00	10.00
209	209 Treasury 10% 2032-33	99 1/2	1.00	10.00	1.00	10.00
210	210 Treasury 10% 2033-34	99 1/2	1.00	10.00	1.00	10.00
211	211 Treasury 10% 2034-35	99 1/2	1.00	10.00	1.00	10.00

BUILDING INDUSTRY, TIMBER

Dividend	Stock	Price	Div	Yield	Div	Yield
212	212 Treasury 10% 2035-36	99 1/2	1.00	10.00	1.00	10.00
213	213 Treasury 10% 2036-37	99 1/2	1.00	10.00	1.00	10.00
214	214 Treasury 10% 2037-38	99 1/2	1.00	10.00	1.00	10.00
215	215 Treasury 10% 2038-39	99 1/2	1.00	10.00	1.00	10.00
216	216 Treasury 10% 2039-40	99 1/2	1.00	10.00	1.00	10.00

DRAPERY AND STORES

Dividend	Stock	Price	Div	Yield	Div	Yield
217	217 Treasury 10% 2040-41	99 1/2	1.00	10.00	1.00	10.00
218	218 Treasury 10% 2041-42	99 1/2	1.00	10.00	1.00	10.00
219	219 Treasury 10% 2042-43	99 1/2	1.00	10.00	1.00	10.00
220	220 Treasury 10% 2043-44	99 1/2	1.00	10.00	1.00	10.00
221	221 Treasury 10% 2044-45	99 1/2	1.00	10.00	1.00	10.00

AMERICANS

Dividend	Stock	Price	Div	Yield	Div	Yield
222	222 Treasury 10% 2045-46	99 1/2	1.00	10.00	1.00	10.00
223	223 Treasury 10% 2046-47	99 1/2	1.00	10.00	1.00	10.00
224	224 Treasury 10% 2047-48	99 1/2	1.00	10.00	1.00	10.00
225	225 Treasury 10% 2048-49	99 1/2	1.00	10.00	1.00	10.00
226	226 Treasury 10% 2049-50	99 1/2	1.00	10.00	1.00	10.00

U.S. & DM prices exclude inv. 5 premium

Conversion factor 0.6711 (0.5718)

ENGINEERING—Continued

Dividend	Stock	Price	Div	Yield	Div	Yield
227	227 Treasury 10% 2050-51	99 1/2	1.00	10.00	1.00	10.00
228	228 Treasury 10% 2051-52	99 1/2	1.00	10.00	1.00	10.00
229	229 Treasury 10% 2052-53	99 1/2	1.00	10.00	1.00	10.00
230	230 Treasury 10% 2053-54	99 1/2	1.00	10.00	1.00	10.00
231	231 Treasury 10% 2054-55	99 1/2	1.00	10.00	1.00	10.00

ENGINEERING, MACHINE TOOLS

Dividend	Stock	Price	Div	Yield	Div	Yield
232	232 Treasury 10% 2055-56	99 1/2	1.00	10.00	1.00	10.00
233	233 Treasury 10% 2056-57	99 1/2	1.00	10.00	1.00	10.00
234	234 Treasury 10% 2057-58	99 1/2	1.00	10.00	1.00	10.00
235	235 Treasury 10% 2058-59	99 1/2	1.00	10.00	1.00	10.00
236	236 Treasury 10% 2059-60	99 1/2	1.00	10.00	1.00	10.00

FOOD, GROCERIES, ETC.

Dividend	Stock	Price	Div	Yield	Div	Yield
237	237 Treasury 10% 2060-61	99 1/2	1.00	10.00	1.00	10.00
238	238 Treasury 10% 2061-62	99 1/2	1.00	10.00	1.00	10.00
239	239 Treasury 10% 2062-63	99 1/2	1.00	10.00	1.00	10.00
240	240 Treasury 10% 2063-64	99 1/2	1.00	10.00	1.00	10.00
241	241 Treasury 10% 2064-65	99 1/2	1.00	10.00	1.00	10.00

HOTELS AND CATERERS

Dividend	Stock	Price	Div	Yield	Div	Yield
242	242 Treasury 10% 2065-66	99 1/2	1.00	10.00	1.00	10.00
243	243 Treasury 10% 2066-67	99 1/2	1.00	10.00	1.00	10.00
244	244 Treasury 10% 2067-68	99 1/2	1.00	10.00	1.00	10.00
245	245 Treasury 10% 2068-69	99 1/2	1.00	10.00	1.00	10.00
246	246 Treasury 10% 2069-70	99 1/2	1.00	10.00	1.00	10.00

U.S. & DM prices exclude inv. 5 premium

Conversion factor 0.6711 (0.5718)

INDUSTRIALS

Dividend	Stock	Price	Div	Yield	Div	Yield
247	247 Treasury 10% 2070-71	99 1/2	1.00	10.00	1.00	10.00
248	248 Treasury 10% 2071-72	99 1/2	1.00	10.00	1.00	10.00
249	249 Treasury 10% 2072-73	99 1/2	1.00	10.00	1.00	10.00
250	250 Treasury 10% 2073-74	99 1/2	1.00	10.00	1.00	10.00
251	251 Treasury 10% 2074-75	99 1/2	1.00	10.00	1.00	10.00

U.S. & DM prices exclude inv. 5 premium

Conversion factor 0.6711 (0.5718)

U.S. & DM prices exclude inv. 5 premium

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FINANCIAL TIMES

Monday October 4 1976

DOWNING S. MIL
For all
ELECTRIC MOT
REWINDS

FT Monthly Survey of Business Opinion

Jobs and investment outlook is improving

THE CHANCES of an increase in employment and in capital spending in real terms in industry in the next 12 months must now be rated as good, judging from the results of the latest Financial Times monthly survey of business opinion.

The survey shows that the revival in business activity has reached the point where, on balance, industry expects to take on extra manpower during the coming year and where an increase in the volume of industrial investment has also come into prospect.

Industry is becoming increasingly doubtful about the chances of the Government achieving its inflation targets however. The median forecast for a further increase in corporate total unit costs and for output

prices has now levelled out at about 12-13 per cent. This in part reflects the rising trend of raw material prices and the fall in sterling parities. But industrialists are also becoming increasingly concerned about the prospect for wage settlements when the present phase of pay restraint expires next summer.

These worries were undermining business confidence in the general economic situation even before last week's further burst of pressure on sterling. So far this has not affected businessmen's optimism about their own corporate prospects which remains undimmed. Activity is steadily rising and profitability is hoped for.

Hopes of an improvement in profitability are particularly high in electrical engineering and, to a somewhat lesser extent, in the vehicles and consumer durables industries. But all three sectors re-surveyed last month (the third was stores and consumer services) were more hopeful than when they were previously surveyed in May.

Each sector remains very optimistic about export prospects, while at home the recovery is expected to lead to a gradual build-up in stocks but no more than will be needed to keep pace with the trend of production. There are no indications of a major stock-building boom.

Details Page 43

EARNINGS ON CAPITAL

		4 monthly moving total				September 1976			
		June	July	Aug.	Sept.	June	July	Aug.	Sept.
Those expecting earnings during current year to:		%	%	%	%	%	%	%	%
Improve		56	54	46	45	9	7	19	19
Remain the same		29	27	27	30	4	8	61	61
Contract		10	15	22	22	—	21	10	10
No comment		5	4	5	3	—	—	—	—

Comfort for Government in two economic surveys

BY ADRIAN HAMILTON

TWO relatively optimistic surveys of U.K. industrial intentions released to-day should provide some relief for the Government in its efforts to boost confidence in sterling and retain union support for its economic policies.

One survey, carried out by the Confederation of British Industry and released this morning, gives some qualified hope that the economic recovery will gather pace again later this year and unemployment drop, despite the levelling off in activity seen in the last few months.

The other, carried out by the Department of Industry, is into investment intentions. When published this afternoon, it is expected to predict a relatively buoyant growth of perhaps 15 per cent in manufacturing investment next year.

The timing of the two surveys will be particularly welcome to the Government, as it has recently suffered from a collapse in overseas confidence coupled with indications that the economic recovery at home might be stalling in the face of high inflation and a slowdown in world trade.

The question of manufacturing investment could prove crucial as an expansion here remains one of the few potential engines of economic growth on the horizon at present.

Both the Department of Industry and implicitly the CBI—whose monthly trends inquiry covers business expectations on output and prices—clearly

believe that an investment revival is now underway and could provide substantial new business for heavy industry.

The CBI, however, qualifies heavily its hopes for a sustained revival. In the first place, the continued expectations of increased output by the majority of companies responding to its surveys has to be set against the extremely low base reached during the recession.

Even should the export pull continue and investment revive on the scale predicted by the industry Department, it will not be enough to bring investment back to the levels reached at the beginning of the decade and may not be enough for the Government to meet its growth targets.

Secondly, the results of the CBI survey give little doubt that industry has experienced a levelling off in activity and new orders over recent months, while many sectors such as construction, heavy engineering and machine tools remain extremely depressed.

Its regional reports, released by the survey, repeatedly point to the patchiness of the recovery and the vulnerability of confidence, particularly in these sectors.

The improvement in company profits, although apparent, has been much less than forecasters were predicting, says the CBI. Its experts

"remain seriously concerned about the ability of industry to finance the expansion of activity and of fixed investment that is expected of it."

The CBI and Industry Department surveys were carried out before the recent movements in sterling exchange rates and the nationalisation resolutions of the Labour Party conference.

As the CBI admits, its view could be changed by the impact of falling exchange rates on the inflation rates—which has recently shown signs of moving up again—and on industrial confidence.

The CBI, while committed to the goal of bringing down unemployment rates, argues that this can be done only if the Government cuts public expenditure still further to make room for industrial investment and allows profits to rise rapidly and provides productivity is improved and wage rates restrained.

The Government, however, is now under severe pressure to take more control over the economy as the promised recovery fails to make the expected impact on employment.

Impelled to reduce the public sector borrowing requirement by its foreign creditors, it is unwilling to do this either through increased expenditure cuts or higher direct or indirect taxation.

The fear is that it might therefore reduce corporate liquidity and thus domestic credit expansion by introducing import deposits and raising company taxation.

By a clear, long-term strategy, about a quarter of the division's sales revenue is now obtained from the profits on exchange rates—the money earned from selling tickets abroad in currencies much stronger than sterling.

"The strategy was built around the customer, efficiency in all forms, and long-term financial stability."

This included adjusting fares continuously to ensure that break-even load factors were always attainable; redefining standards so that passengers got what they wanted, not what the airline thought they ought to have; reducing dependency on the home market and selling more seats for inbound traffic to the U.K.; and increasing the amount of work done on main-

tenance and in other areas for other airlines.

Mr. Wallis says that the operating surplus "still needs to be considerably greater. Much needs to be done, but the successes substantially outnumber the failures. The total picture represents a sound platform for the future."

For the current financial year, the division is forecasting revenue of nearly £350m, compared with £282m in the past financial year. Between March 1972 and last March there was a net reduction in staff of 1,125 to a total of 15,522.

International load factors (the number of seats sold compared with the number offered) are 8 per cent higher than three years ago, with an average of 69 per cent this summer.

The Bishop persistently referred to the forthcoming meeting between Nationalist leaders and the Rhodesian Government under the chairmanship of Mr. Ivo Richard Britain's Ambassador to the United Nations as a "constitutional conference."

He said that the meeting's main function was to "establish a structure of the interim Government and how the people can be chosen to go into that Government."

● Bridget Bloom writes from Johannesburg: Mr. Ted Rowlands, the British Minister in charge of Africa, and Mr. William Schabas, U.S. Assistant Secretary of State for Africa, are due to leave Pretoria tomorrow morning for Salisbury for talks with Mr. Ian Smith, the Rhodesian Premier.

Exxon to build West German nuclear plant

BY RAY DAFTER, ENERGY CORRESPONDENT, IN RICHLAND, WASHINGTON, U.S.

EXXON is to build a nuclear fuel plant in West Germany as part of its planned \$2.1 bn. investment in the nuclear industry over the next decade. It will be the first European nuclear investment by the world's biggest oil group.

Work on the \$8m. plant at Lingen begins next month, and should provide replacement fuel to European light water reactors, principally in West Germany and Sweden, by spring 1978.

Similarly, a \$1bn. scheme for reprocessing spent nuclear fuel is held in abeyance until the political and environmental climate becomes clearer.

In particular, Exxon and other nuclear groups await a national position following publication of the generic environmental statement on mixed oxides (GESMO) and a firm policy on the terminal storage of radioactive wastes.

They are watching with some concern the state-by-state referenda on nuclear activity which could result in considerable restrictions in the industry. Mr. Dickman said that provided there were no undue restrictions nuclear electric power generation in the U.S. could grow at an annual rate of 10 to 12 per cent a year, over the next 25 years. This growth was needed to meet energy demand in the light of limitations on oil and gas reserves.

20-year forecast
A recent survey suggested that U.S. electric utilities would spend about \$1,000bn. in the next 20 years. Half this expansion would probably be nuclear.

It is estimated that by the year 2000 the private sector would be called upon to finance about \$225bn. of nuclear fuel facilities; \$120bn. on uranium exploration and mining; \$70bn. on enrichment; \$5bn. on fuel fabrication; and \$30bn. on fuel processing.

U.K. SAFETY studies on nuclear reactor systems have finally concluded that there is no basic difference in technology—and therefore in safety—between American light-water reactors and the U.K.-designed reactor chosen by the British Government two years ago.

In making its reactor decision the Government deferred any final decision on the acceptability of the U.S. reactors until completion of a top-level safety assessment on the integrity of steel pressure vessels used in the U.S. reactors.

Meanwhile, Sir Alan Cottrell, a former U.K. chief scientific adviser and world authority on nuclear pressure vessels, in a letter to the Financial Times, said bluntly that Britain could be courting greater risks in attempting to engineer large reactor pressure vessels rather than the small pressure tubes of the U.K.-designed "steam" (steam-generating heavy water) reactor.

A summary of the two-year investigation by a group of scientists led by Dr. Walter Marshall, deputy chairman of the U.K. Atomic Energy Authority, is expected to be released this week.

It has the blessing of both the nuclear industry and the Health and Safety Commission, Secretary for Energy.

The summary includes an exchange of correspondence between Dr. Marshall and Sir Alan Cottrell on the report's conclusions.

The Marshall study indicates that, on the question of pressure vessel integrity, the U.S. reactors would meet U.K. licensing requirements. Dr. Marshall said that the two types of reactor were "basically similar." Their fuel differed in detail but was similar in principle. Both reactors needed emergency core cooling "of some sophistication." Light water reactors had pressure vessels but the "steam" had steam drums.

Both, therefore, involve basically the same technology and the same safety considerations and the same attention to quality control and to inspection systems," said Dr. Marshall.

Rain at first, becoming brighter with showers. Wind S.W. becoming S.W. fresh. Max. 12C (54F).

Outlook: Showers or longer outbreaks of rain.

Lighting-up: London 19.02, Manchester 19.08, Glasgow 19.15, Belfast 19.25.

Business Centres

City	Temp	Wind	Cloud	Humidity
Alexandria	24	12	10	70
Amman	18	10	10	70
Baghdad	24	12	10	70
Bombay	28	12	10	70
Buenos Aires	24	12	10	70
Cairo	24	12	10	70
Calcutta	28	12	10	70
Colon	28	12	10	70
Hong Kong	28	12	10	70
London	12	10	10	70
Madras	28	12	10	70
Manila	28	12	10	70
Medan	28	12	10	70
Mumbai	28	12	10	70
Nairobi	24	12	10	70
Rangoon	28	12	10	70
Seoul	18	10	10	70
Singapore	28	12	10	70
Tokyo	18	10	10	70
Yokohama	18	10	10	70

Holiday Resorts

City	Temp	Wind	Cloud	Humidity
Alexandria	24	12	10	70
Amman	18	10	10	70
Baghdad	24	12	10	70
Bombay	28	12	10	70
Buenos Aires	24	12	10	70
Cairo	24	12	10	70
Calcutta	28	12	10	70
Colon	28	12	10	70
Hong Kong	28	12	10	70
London	12	10	10	70
Madras	28	12	10	70
Manila	28	12	10	70
Medan	28	12	10	70
Mumbai	28	12	10	70
Nairobi	24	12	10	70
Rangoon	28	12	10	70
Seoul	18	10	10	70
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THE LEX COLUMN

Hazards of free translation

In the first nine months of this year the pound sterling has depreciated by more than a fifth against other major currencies. This means that the various problems and anomalies arising from the translation of foreign currency items in the accounts of British companies will appear still more prominent when they come to report for 1976. But U.K. managements may be feeling thankful that British accounting practices allow them a great deal more flexibility than is given to their U.S. counterparts by the rigid provisions of the Federal Accounting Standards Board's Statement No. 8.

In a new book, Mr. David Whinney Murray comments that "one could almost say that there are as many different methods as there are accountants to operate them." But he goes on to point out that there are two main approaches, using closing and historical rates for currency translation; any standardisation will have to await progress in the much wider field of inflation accounting.

So far currency translation has only been covered in a minor way in an accounting exposure draft—ED 16—which suggests that gains or losses from translation should normally be dealt with in the profit and loss account. But losses arising from the translation of foreign currency borrowings may be offset against gains on the conversion of overseas fixed assets.

From the investment analyst's point of view, one of the most crucial aspects is, of course, the extent to which debt is matched against foreign assets. Such information is not readily available in accounts, though much matching may be implied in provisions made somewhere among the extraordinary items or the reserves. There is a clear need for greater disclosure here.

Whether gains or losses from translation make their impact upon profits above the line, below the line or on reserves seems to be very much a question of what auditors will accept as being a "true and fair view."

And some companies amortise loan losses over the life of the debt.

In the case of Trust Houses are not especially strong, one of the more notably companies have imported currency borrowed abroad and converted it into pounds on conversion of overseas payments. This means that the various problems and anomalies arising from the translation of foreign currency items in the accounts of British companies will appear still more prominent when they come to report for 1976. But U.K. managements may be feeling thankful that British accounting practices allow them a great deal more flexibility than is given to their U.S. counterparts by the rigid provisions of the Federal Accounting Standards Board's Statement No. 8.

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And some companies amortise loan losses over the life of the debt.

One genuine hard fact, however, includes banks are threatened by the land. Revenue, defined as "losses" on loans denominated in foreign currencies cannot be offset against trading assets. Clearing as well as consortium banks now being sucked into the trap, at least one bank has had a formal demand, though not all banks have yet taken a hit. Many banks are concerned the need to include in their accounts details of rapidly mounting liabilities.

The U.S. approach. But despite such a tension, currency translation is a less controversial subject than the U.K. than in the U.S. arguments continue. FASB 8, American companies hate the kind of jagged profile which the system produces. Shell's FASB 8 net income varied